SENATE—*Friday, April 5, 1974*

The Senate met at 10 a.m. and was called to order by the Acting President pro tempore (Mr. METCALF).

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

O God, we thank Thee for Thy mercies which are new every morning. We thank Thee for sleep, nature's sweet restorer, and for awakening to a day of hope and joy and blessing. Help us to walk with Thee in the work of this Chamber. Break the tensions of nerves and muscle and emotions with the soothing symphony of springtime music. Help us to look beyond all that is ugly and sordid, beyond all stained lives and soiled careers to behold the redemption provided by Thy Son our Saviour. May we walk with Him in the strong faith He gives to all who acknowledge His Lordship and appropriate His forgiveness and His power.

We pray in His name. Amen.

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore (Mr. METCALF). The Senator from Montana recognizes the Senator from Montana. [Laughter.]

Mr. MANSFIELD. Any bills pending that would be of benefit to Montana?

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Thursday, April 4, 1974, be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all committees may be authorized to meet during the session of the Senate today.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

A SENATE RESOLUTION ON THE DEATH OF THE PRESIDENT OF FRANCE

Mr. MANSFIELD. Mr. President, it is my information that the President of the United States, Richard M. Nixon, is departing at this hour for Paris to attend the public funeral services at the Cathedral of Notre Dame for the late President of the Fifth French Republic, Georges Pompidou.

As a further acknowledgement of our sense of loss in the passing of the President of France, and as a means of expressing the condolences and the sympathy of the Senate of the United States, I send to the desk a resolution on behalf of the distinguished Republican leader, Mr. HUGH SCOTT, and myself and ask for its immediate consideration.

The ACTING PRESIDENT pro tempore. The resolution will be stated.

The assistant legislative clerk read as follows:

Resolved, That the Senate of the United States has learned with profound sorrow of the death of Georges Pompidou, President of the French Republic.

Resolved, That the Senate express its deepest sympathy to the family and the people of France in their great loss.

Resolved, That the President of the United States be requested to communicate this expression of sentiment to the widow and members of his family assuring them of the condolence of the people of our Nation in their irreparable bereavement; and be it further

Resolved, That when the Senate adjourns today, it does so as a further mark of respect for the late President Georges Pompidou.

The ACTING PRESIDENT pro tempore. Is there objection to the present consideration of the resolution?

There being no objection, the resolution was considered and unanimously agreed to.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Berry, one of its reading clerks, announced that the House had passed the bill (H.R. 12565) to authorize appropriations during the fiscal year 1974 for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, and other weapons and research, development, test and evaluation for the Armed Forces, and to authorize construction at certain installations, and for other purposes, in which it requests the concurrence of the Senate.

HOUSE BILL REFERRED

The bill (H.R. 12565) to authorize appropriations during the fiscal year 1974 for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, and other weapons and research, development, test and evaluation for the Armed Forces, and to authorize construction at certain installations, and for other purposes, was read twice by its title and referred to the Committee on Armed Services.

ENROLLED BILL SIGNED

The enrolled bill (H.R. 6186) to amend the District of Columbia Revenue Act of 1947 regarding taxability of dividends received by a corporation from insurance companies, banks, and other savings institutions, having been signed by the Speaker of the House of Representatives, was signed today by the Acting President pro tempore (Mr. METCALF).

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, the distinguished Senator from Wisconsin (Mr. PROXMIRE) is now recognized for not to exceed 15 minutes.

WHAT'S RIGHT WITH THE FEDERAL GOVERNMENT—PROGRESS IN HEALTH

Mr. PROXMIRE. Mr. President, today I give the fourth in a series of speeches on the substantial progress we have made in this country since I came to the Senate over 15 years ago, with a large part of the credit going to Federal initiatives.

As I have indicated in earlier statements, the Federal Government has suffered many shocks over the past year. The dismal failure of our anti-inflation program is an example. The Federal Government's inability to foresee the energy crisis and take action to avert it also has given rise to grave questions regarding our ability to govern ourselves.

Of course, lurking behind all of our national complaints, uncertainties, and outright disillusionment is the shadow of Watergate with all the congeries of illegal acts, petty and profound, that word summons up. Our ability to cope with this question is still being tested. But it is most important that we remain equal to the task. We simply must not fall prey to an easy cynicism that dismisses all the accomplishments that have been made over the past 15 years—because of the misdeeds of a group of men who abused a sacred public trust.

That is why I have spoken out over the past week or so regarding our progress in education, women's rights, and civil rights since I came to the Senate. It is why I want to discuss our progress in the field of health today.

In spite of the vast amount of carping and complaining, the Federal Government has helped make more progress in providing improved health care to more American citizens in the past 15 years than at any time in American history, by far.

While the moaning and groaning about medical care since 1960 has probably reached an alltime high, the irony is that the volume and vigor of complaint has only been surpassed by the actual improvement in health care and the soaring cost of providing that care.

To set this discussion in perspective it is important to remember that there are many advances still to be made in the health care field. There are some substantial clouds overhanging the last 15 years of health care progress.

Perhaps the most serious unresolved problem is how to provide more people with better care without overtaxing our limited resources and thus driving medical costs through the ceiling. The cost picture over the past 15 years has been

simply horrendous. The per capita cost of health care skyrocketed from $141.63 per year in 1959–60 to $441.18 per year in 1972–73.

At least a portion of this increase is due to accelerating demand for limited services created by passage of medicare and medicaid legislation. We must also recognize that the more sophisticated medical technology that accompanied the sixties was also mighty expensive.

For example, expenses per patient day in community hospitals rose from $32.23 in 1960 to $92.31 in 1971. But the heart monitors, cardiac pacemakers, dialysis machines, and computer-controlled infusion systems that have pushed these costs up have also resulted in higher quality medical care.

Hospital workers have contributed to the steep rise in health care costs through substantial pay increases. Yet these workers were badly underpaid for years. In 1960, 20 percent of New York's hospital workers were on welfare. Surely an improvement in their ability to provide for themselves is a net plus.

Another difficulty that causes me some concern is infant mortality. Our infant mortality rate has been improving over the past few years—from 26 deaths per 1,000 live births in 1960 to 18.5 deaths per 1,000 live births in 1972—but our position vis-a-vis other nations has been deteriorating.

But let us look at the remarkable progress we have made in the field of health by any standard over the past 15 years. Here are some of the statistical measures of our achievements:

In 1957 average life expectancy in the United States was 69.5 years. The figure had risen by 1971 to 71.1 years. Not much, we say, but how do we measure another 18 months of life for the average American? Life is as immeasurable as it is priceless.

Maternal mortality rates dropped from 37.1 deaths per 100,000 live births in 1960 to 20.5 deaths per 100,000 live births in 1971. Again, how do you measure the value of a wife and mother to husband and children? It is impossible.

In 1960 there were about 260,500 physicians in this country. This is about 1 physician for every 712 citizens. By 1972 this total has risen to 356,000 or 1 physician for every 599 persons.

In 1960 there were 6,876 hospitals in the United States.

By 1972 this had increased to 7,061 hospitals.

Has the average American's access to health care improved over the past 15 years? You bet it has, Mr. President. One of the major reasons is the vast increase in federally provided coverage that occurred in 1965 with the passage of medicare for our senior citizens together with the expansion of medicaid so that it could reach more of the needy.

Insurance coverage, public and private, for X-ray and laboratory examinations, prescribed drugs, and nursing care for all ages has more than doubled since 1962. Net enrollment for visits to the physician's office and home calls went up by 75 percent. Even more impressive, nursing-home coverage increased ninefold over the past decade while dental care coverage went up by almost 1,800 percent.

The insurance explosion had added greatly to the average American's freedom from the fear that medical costs will wipe out his savings or push him deeply into debt. Since 1960, the proportion of the total medical bill paid by a patient has dropped from 55 to 35 percent.

Spiraling costs still plague the consumer of medical services. But public and private insurance has insulated us to an increasing degree against devastating medical expenses.

But what has the Federal Government done to try to meet the increased demand for medical care that is triggered by every increase in insurance coverage? What have we done to try to take care of those patients who for the first time were able to get the treatment they needed because of medicare and medicaid?

First, we are educating more doctors, nurses, dentists, and allied health professionals through the aid of programs initiated during the sixties. In 1963, Congress passed into law the Health Professions Educational Assistance Act, authorizing medical school construction together with a loan program for students in schools of medicine, dentistry, and osteopathy. This program was expanded to cover schools of nursing in 1964 and instruction for paramedical personnel in 1966. Through 1971, 164 schools received $791 million for the construction of teaching facilities. Between 1965 and 1971, over 143,000 loans and nearly 64,000 scholarships assisted students of medicine, dentistry, osteopathy, and optometry.

Now the Hill-Burton program is not a new one. It existed well before I came to the Congress. In fact, it was initiated way back in 1947. But over the past 15 years it has provided literally hundreds of thousands of badly needed hospital beds. With a shift of focus to urban rather than rural needs, it continues to play a vital role in the provision of adequate medical care.

Then we have the myriad of health programs developed to meet specific health problems. Perhaps the most visible program at the present time is the fight against cancer. The 1971 Cancer Act authorized the establishment of 15 new centers for clinical research, training, and demonstration. These centers will use advanced diagnostic and treatment methods. Progress in cancer is heartbreakingly slow. We will not solve the problem just by throwing dollars at it. But we are making a coordinated attack on this dread killer—an attack that holds out the promise of substantial breakthroughs.

Back in 1963, we broke new ground in an effort to help the mentally ill and mentally retarded through the construction and staffing of facilities. Through community mental health centers, we are helping to get away from the great gray institutions that have traditionally sequestered those with mental problems from the realities of everyday life—intensifying, rather than curing, their problems. Together with advances in the use of drugs, these community facilities have dramatically shortened the average institutional stay for the mentally distressed.

The war on alcoholism took a dramatic upswing in 1970, when we passed the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act. This legislation created a National Institute to cope with this pervasive problem. It set up project and formula grant programs to help both the States and private grantees to attack alcoholism.

The various programs and projects authorized under title V of the Social Security Act have proved to be a major national resource for providing basic preventive maternal and child care services to persons in economically depressed areas, and for the location, diagnosis, treatment, and follow-up care of children with debilitating or crippling conditions. For example, there can be no doubt that many maternity and infant care projects funded by this authority have contributed significantly to lowering the Nation's infant mortality rate.

Congress in 1972 passed the National Heart, Blood Vessel, Lung, and Blood Act in order to advance the national effort against diseases of the heart, blood, and lungs. In July of 1972 the Heart and Lung Institute announced a nationwide program of professional and public information on high blood pressure, the most common of the heart and blood vessel diseases. The program is designed to exploit the development in recent years of a wide variety of effective blood pressure lowering drugs.

We must not overlook the steps the Federal Government has taken to reduce the risks every American runs as he goes about his everyday tasks. These actions are not always grouped under the heading of health care legislation, but they have made a significant contribution to each citizen's opportunity to enjoy a long and happy life.

In the words of an associate professor at Rutgers Medical School, Ann R. Somers:

> Most of the nation's major health problems—including automobile accidents, all forms of drug addiction including alcoholism, venereal disease, obesity, many cancers, most heart disease, and most infant mortality—are primarily attributable not to shortcomings on the part of the providers but to the living conditions, ignorance or irresponsibility of the patient.

I have already mentioned the creation of a national institute to fight alcoholism. This disease has killed literally millions of Americans. It is becoming more evident as the studies come in that alcoholism is the major factor in fatal auto accidents—the No. 1 cause of the slaughter on our highways. Cirrhosis of the liver is the ninth leading cause of death in the United States today. Every year 1.6 percent of all deaths in this country are caused by cirrohosis. This disease is directly attributable to alco-

holism. And the Institute should help alcoholics to help themselves.

Another legislative initiative less obviously connected with health was the establishment of the National Highway Safety Administration. This is the agency that requires certain safety devices to be included as a part of standard automobile equipment. The introduction of seatbelts has undoubtedly saved hundreds of thousands of lives at minimal cost. Even this modest safety requirement did not exist before I came to the Senate.

As we all know, lung cancer is a major cause of death in the United States today. Cigarette smoking is directly implicated. It also is linked with emphysema and heart disease. The Federal attack on cigarette smoking has come to fruition in the past 15 years. It started with the Surgeon General's report in the early 1960's and culminated in legislation banning all cigarette advertising on television as well as requiring a warning to be placed on every package of cigarettes. Unfortunately, these efforts have not been as successful as we might have hoped. But there is no doubt that they have resulted in a more realistic attitude on the part of millions, many of whom have "kicked the habit," toward the hazards of smoking.

As health care has improved over the years, new problems have been created. For example, we have increased the lifespan of the average American but we have not done nearly enough to improve the quality of his elder years. Heart transplants and radical new methods of keeping patients alive after most of their vital functions have faded raise serious ethical problems. The great advances we have made in the use of artificial kidney machines create the most serious sort of moral dilemma when there are not sufficient machines to go around, or patients cannot afford this terribly expensive treatment.

These are the problems of hope and progress, however, not the problems of despair. They arise because of the advances we have made, and their solution may well create further problems.

In summation, we can hardly afford to rest on our laurels in this vital area. But neither should we overlook our progress as a nation over the past 15 years, through good times and bad, in giving our citizens the best of medical care regardless of income. Only by having pride in our past accomplishments can we maintain the confidence to continue our impressive forward march in the field of medicine.

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Maryland (Mr. BEALL) is recognized for not to exceed 15 minutes.

THE PHYSICIAN SCHOLARSHIP PROGRAM

Mr. BEALL. Mr. President, along with approximately one-fourth of the Senate, I introduced in early 1971, the physician shortage scholarship program. The present Members of the Senate who were original cosponsors are: Senators ALLEN, BROCK, CHILES, COTTON, DOLE, DOMINICK, ERVIN, FANNIN, GOLDWATER, HATFIELD, HRUSKA, HUMPHREY, JAVITS, PELL, STEVENS, TALMADGE, THURMOND, TOWER, and YOUNG.

This program authorizes scholarships of up to $5,000 for young men and women who agree to practice primary care medicine in physician shortage areas under the premise that they are not more likely to return to their home shortage areas, but also to remain there.

The physician shortage program was included as a part of S. 934, the Health Professions Educational Assistance Amendments of 1971, which was signed into law on November 18, 1971.

Since enactment of the program, I have been working with the other cosponsors, and particularly with Senators MAGNUSON, YOUNG, COTTON, STEVENS, and other members of the Appropriations Committee, to secure the funding of this program. Appropriations were provided for the program in a number of HEW apporiation bills in 1972, but these funds were lost because of vetoes of overall HEW measures.

Finally, in the fiscal year 1973 supplemental appropriations bill, $2 million was provided. This appropriations measure was signed into law on July 1, 1973.

Again, in the regular fiscal year 1974 Labor-HEW appropriations bill, an additional $2 million was provided and this bill was signed into law on December 18, 1973.

Mr. President, if one can believe it, HEW, for reasons known only to the Agency, has not issued the regulations for this program as of this date, notwithstanding the fact that the law has been on the books since 1971 and the program has been funded since December 1973. HEW may believe, as they have suggested, that the physician shortage problem is over, but I do not. HEW may believe that the maldistribution problem has been solved, but I do not.

In all fairness, I would point out that the administration has been interested in some other approaches to solving the maldistribution problem, such as the loan forgiveness program, and the utilization of Public Health Service officers. I support both of these approaches, but I believe that the maldistribution problem is so critical, is so important to so many communities, and that there is so much unknown, that the various approaches should be tried and tested. One problem, for example, with respect to the loan forgiveness program, that deans of various medical schools have pointed out, is that lower income students are reluctant to assume the size of indebtedness that medical school necessitates.

Of course, the physician shortage scholarship program would relieve that fear since the student would receive a scholarship, provided, of course, that he or she carried out the commitment to serve in physician shortage areas. If the student does not carry out the commitment, the "scholarship" is converted into a "loan." Thus, if the program works, we will have helped solve the physician shortage problem; if it does not, the Government will not lose a cent.

When I introduced this proposal, I discussed the results of an American Medical Association survey published in 1970 questioning physicians on the factors that influence their decisions to practice in a certain area which gives support to the bill's priorities. This survey found that over 45 percent of the physicians indicated that they were practicing in or around the town in which they were raised. The survey also revealed that 49 percent of the physicians raised in small towns were practicing in communities of 2,500 or less. An equal percentage of doctors raised in nonmetropolitan communities of 25,000 or more were practicing in cities of that size. The AMA confirmed previous studies, which had indicated that:

> Physicians who practice in small towns are more likely to have a rural than urban background."

The AMA study concluded that:

> Physician recruitment for rural areas would be enhanced if more young men with rural backgrounds were encouraged to enter the medical profession.

Continuing, the report had this to say about the influence of a doctor's origins on his place of practice:

> Physicians who practice in small towns are more likely to have rural rather than urban backgrounds . . . rural physicians have predominantly rural backgrounds and metropolitan physicians generally had urban locations during their youth.

If we can persuade young men and women to practice in physician shortage areas, the evidence indicates that most are likely to remain. The AMA study on this point states that:

> Once a physician establishes a practice, he is not likely to move.

This survey found:

> At least 63 percent of the physicians had not moved from their original practice location. This percentage was consistent regardless of the community size. A more detailed breakdown of the area showed that about one-fourth of the physicians in non-metropolitan areas had practiced twenty years or more in the same place.

I recently came across an article in Medical Care which describes the importance of a dentist's residence in his ultimate decision to locate his practice in a given area. While there are some differences between the dentist and the doctor, I do believe that the article lends further support to the physician shortage scholarship program.

Mr. President, Charles Dickens in his book entitled, "Little Doritt" has a passage that reminds me of the Department of Health, Education, and Welfare, with respect to the physician shortage scholarship program, I quote:

> Whatever was required to be done, the Circumlocaution Office was beforehand with all the public department in the art of perceiving How Not To Do It.

Mr. President, I think my colleagues will agree I am generally a patient man, but I want to say that my patience is running thin. I want to say most clearly that I am fed up with the department's procrastination in the implementation of this program. Judging from the letters I have received, as well as inquiries from offices of other Senators, this program has generated considerable interest throughout the country. The physician shortage scholarship program also has been endorsed by the American Academy of General Practitioners, the deans of various medical schools, and the National Medical Association. I can only say that the HEW, today's Circumlocaution Department, had better learn in the very near future how to do it for I, for one, expect these regulations to be forthcoming forthwith. In addition, I ask that a number of editorials supportive of the program be printed in the RECORD at the conclusion of my remarks.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

(See exhibits 1 and 2.)

Mr. BEALL. Mr. President, the $2 million provided in the fiscal year 1974 supplemental appropriations bill will lapse unless expended by June 30, 1974. The $2 million provided in the fiscal year 1973 appropriations bill included a provision allowing the Department to carry over funds until expended and, therefore, these funds are not in immediate danger. Nevertheless, the procrastination has already lessened the chances of the program getting off to a good start since many of the medical schools have already accepting or have accepted their classes which will enter in September of this year.

Of course, offering a young individual a scholarship after he or she has been accepted may mean that the service commitment is an afterthought and not a prior commitment. Furthermore, there will be qualified individuals in physician shortage areas who will not have heard of this program. I am also hopeful that some of our medical schools, particularly State medical schools, which I believe have a special obligation to help solve maldistribution problems in their State, might make available or reserve slots for qualified students under this program. If the regulations are not forthcoming in the very near future, I think the Secretary of Health, Education, and Welfare should understand that I am considering offering an amendment to require HEW to promulgate regulations 30 days after any legislation is signed into law. Also, if the funds are allowed to lapse, I will consider an amendment to delete $2 million from the Office of the Secretary when the regular HEW appropriations bill is before the Senate.

Finally, I want the Secretary to understand that I am aware of the recent court decision involving the Department of Agriculture and its refusal to spend the authorized $20 million appropriated for the women, infants, and children supplemental feeding program—WIC. Like my program, WIC had been funded 2 years in a row, but the funds were not obligated because regulations were not issued and the funds for 1 fiscal year were permitted to lapse. In this case, the court ruled that because the Department had failed to issue the regulations, in compliance with the will of the Congress, the Department had to spend both the appropriated funds that were allowed to lapse and the funds for the current year.

Mr. President, I certainly urge that the Secretary comply with the intent of the Congress and promulgate the regulations immediately. I would recommend, however, that only $2 million, available under the fiscal year 1974 appropriations bill, be obligated this year and that the $2 million provided in the fiscal year 1973 supplemental, be available for the class entering in the fall of 1975.

Mr. President, I ask unanimous consent to have printed in the RECORD the Public Law 92–157 and my floor statement for July 14, 1971, when S. 934 passed the Senate, as well as an article entitled "Choice of Practice Location: The Influence of Dental School Location and Residence at Admission."

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

(See exhibits 3, 4, and 5).

EXHIBIT 1

[From the Frederick Post, June 4, 1973]

PHYSICIAN SHORTAGE

Like the weather that everybody talked about and until recently did nothing about, it appears at long last something is going to be done about the shortage of family physicians which exists throughout Frederick County and most of the nation.

On Friday the Senate approved the U.S. Senator J. Glenn Beall-originated Physician Shortage Area Scholarship Program by voting a $2 million appropriation to fund it.

The program will go a long way in assuring "home towns" of hanging on to some of their outstanding home-town products or of at least getting a chance for other young physicians. The program favors young persons from physician-shortage areas, such as Frederick and towns in Frederick County.

The Republican Senator from Western Maryland also has introduced the Health Care Delivery Program in this session of Congress, two important pieces of legislation.

The scholarships of up to $5,000 a year would go to medical students who agree to become family doctors in areas where there is a shortage of primary care physicians. A recipient would be obligated to serve one year for each year of scholarship.

"The physician problem is one of the most critical health problems facing countless counties and communities today," Senator Beall declared on the floor of the Senate.

Senator Beall, who is a member of the Senate Health Subcommittee, said the problem "is so critical that it is literally a matter of life or death for some communities and the citizens in those communities. . . It may be a rural community, an inner city area, or among the nation's migrant farm workers."

The Physician Shortage Area Scholarship Program was proposed by Senator Beall during the 92nd Congress, and it became part of the Comprehensive Health Manpower Training Act of 1971.

The selection system is weighted to favor young persons who live in physician shortage areas, and Senator Beall gave two principal reasons for this feature:

"The American Medical Association did a survey on the factors that influence a doctor's decision to practice in a certain area, and it found that over 45 per cent of the physicians indicated that they were practicing in or around the town in which they were raised," he said.

"The second advantage of the priorities established by the bill would be that it would have the effect of attracting and making it possible for more minority and lower-income individuals to go to medical school," said Senator Beall.

"Another important feature of the legislation is that it would encourage students to enter family medicine," the Senator added.

"In 1931, three out of four of the nation's doctors were engaged in family practice. In 1967, only one out of five doctors were in general practice.

"In Baltimore City, for example, only nine per cent of the practicing physicians are in family medicine. And a Public Health Service report in 1970 identified 16 census tracts with a population of 174,000 primarily disadvantaged citizens, in the inner city as well as some outlying areas, who were totally lacking in primary care.

"Indications are that this trend toward specialization and away from general practice is continuing, but I believe we need more family physicians."

The appropriations bill will now go to a Senate-House conference committee to work out differences in language and levels of funding, and it should behoove support there of Beall's second major health bill this year.

EXHIBIT 2

[From the Baltimore News American, Aug. 9, 1972]

PHYSICIAN SHORTAGE

A scholarship program designed to lure young physicians to medical desert areas has passed its final test in Congress, according to its sponsor, Sen. J. Glenn Beall Jr., R-Md.

A Senate-House Conference Committee on the appropriations bill for the Department of Health, Education, and Welfare has approved $2 million for the program in fiscal 1973.

Assuming the administration decides to spend the money appropriated, a useful tool will become available in easing the shortage of primary care physicians in certain areas.

Contrary to popular belief, rural and isolated areas are not the sole places with a dearth of doctors. Inner city sections across the country are suffering from a lack of doctors in private practice.

Sen. Beall, for example, noted that a census tract containing 174,000 persons in Baltimore City has no physicians in private practice. He referred to a part of the inner city.

The scholarship program will offer up to $5,000 a year to medical students who agree to become family doctors in deficient areas, serving one year for each year of scholarship.

The order of preference would be:

1. Individuals with financial need who live in a physician shortage area and agree to return to that area.

2. Other individuals from a physician shortage area who agree to return and practice in that area.

3. Individuals with financial need who do not live in a physician shortage area but agree to serve in one.

4. Other individuals from outside a physician shortage area who agree to practice in a physician shortage area.

With the demand for health care rising every year, and with a national health insurance plan of some form just around the corner, Sen. Beall's proposal can play a significant role in getting physicians to places needing them. We hope the program begins without undue delay.

EXHIBIT 3

PUBLIC LAW 92-157—92D CONGRESS, H.R. 8629—NOVEMBER 18, 1971

An act to amend title VII of the Public Health Service Act to provide increased manpower for the health professions, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—AMENDMENTS TO TITLE VII OF THE PUBLIC HEALTH SERVICE ACT

"SUBPART III—PHYSICIAN SHORTAGE AREA SCHOLARSHIP PROGRAM

"SCHOLARSHIP GRANTS

"SEC. 784. (a) In order to promote the more adequate provision of medical care for persons who—

"(1) reside in a physician shortage area;

"(2) are migratory agricultural workers or members of the families of such workers;

the Secretary may, in accordance with the provisions of this subpart, make scholarship grants to individuals who are medical students and who agree to engage in the practice of primary care after completion of their professional training (A) in a physician shortage area, or (B) at such place or places, such facility or facilities, and in such manner, as may be necessary to assure that, of the patients receiving medical care in such practice, a substantial portion will consist of persons referred to in clause (2). For purposes of this subpart, (1) the term 'physician shortage area' means an area determined by the Secretary under section 741(f)(1)(C) to have a shortage of and a need for physicians, and (2) the term 'primary care' has the meaning prescribed for it by the Secretary under section 768(c)(3)(B).

"(b)(1) Scholarship grants under this subpart shall be made with respect to academic years.

"(2) The amount of any scholarship grant under this subpart to any individual for any full academic year shall not exceed $5,000.

"(3) The Secretary shall, in awarding scholarship grants under this subpart, accord priority to applicants as follows—

"(A) first, to any applicant who (i) is from a low-income background (as determined under regulations of the Secretary), (ii) resides in a physician shortage area, and (iii) agrees that, upon completion of his professional training, he will return to such area and will engage in such area in the practice of primary care;

"(B) second, to any applicant who meets all the criteria set forth in subparagraph (A) except that prescribed in clause (i);

"(C) third, to any applicant who meets the criterion set forth in clause (i); and

"(D) fourth, to any other applicant.

"(c)(1) Any scholarship grant awarded to any individual under this subpart shall be awarded upon the condition that such individual will, upon completion of his professional training, engage in the practice of primary care—

"(A) in the case of any individual who, in applying for a scholarship grant under this subpart, met the criteria set forth in subparagraph (A) or (B) of subsection (b)(3), in the physician shortage area in which he agreed (pursuant to such subparagraph) to engage in such practice; and

"(B) in the case of any individual who did not agree (pursuant to such subparagraph (A) or (B)) to engage in such practice in any particular physician shortage area (or who is not, under a waiver under paragraph (4) of this subsection, required to engage in such practice in any particular physician shortage area)—

"(i) in any physician shortage area, or

"(ii) at such place or places, in such facility or facilities, and in such manner, as may be necessary to assure that, of the patients receiving medical care provided by such individual, a substantial portion will consist of persons who are migratory agricultural workers or are members of the families of such workers;

for a twelve-month period for each full academic year with respect to which he receives such a scholarship grant. For purposes of the preceding sentence, any individual, who has received a scholarship grant under this subpart for four full academic years, shall be deemed to have received such a grant for only three full academic years if such individual serves all of his internship or residency in a public or private hospital, which is located in a physician shortage area, or a substantial portion of the patients of which consists of persons who are migratory agricultural workers (or are members of the families of such workers) and, if, while so serving, such individual receives training or professional experience designed to prepare him to engage in the practice of primary care.

"(2) The condition imposed by paragraph (1) shall be complied with by any individual to whom it applies within such reasonable period of time, after the completion of such individual's professional training, as the Secretary shall by regulations prescribe.

"(3) If any individual to whom the condition referred to in paragraph (1) is applicable fails, within the period prescribed pursuant to regulations under paragraph (2), to comply with such condition for the full number of months with respect to which such condition is applicable, the United States shall be entitled to recover from such individual an amount equal to the amount produced by multiplying—

"(A) the aggregate of (i) the amounts of the scholarship grant or grants (as the case may be) made to such individual under this subpart, and (ii) the sums of the interest which would be payable on each such scholarship grant if, at the time such grant was made, such grant were a loan bearing interest at a rate fixed by the Secretary of the Treasury, after taking into consideration private consumer rates of interest prevailing at the time such grant was made, and if the interest on each such grant had been compounded annually, by

"(B) a fraction the numerator of which is the number obtained by subtracting from the number of months to which such condition is applicable a number equal to one-half of the number of months with respect to which compliance by such individual with such condition was made, and the denominator of which is a number equal to the number of months with respect to which such condition is applicable.

Any amount which the United States is entitled to recover under this paragraph shall, within the three-year period beginning on the date the United States becomes entitled to recover such amount, be paid to the United States. under this paragraph on amount of any grant under this subpart is paid, there shall accrue to the United States interest on such amount at the same rate as that fixed by the Secretary of the Treasury pursuant to clause (A) with respect to the grant on account of which such amount is due the United States.

"(4)(A) Any obligation of any individual to comply with the condition applicable to him under the preceding provisions of this subsection shall be canceled upon the death of such individual.

"(B) The Secretary shall by regulations provide for the waiver or suspension of any such obligation applicable to any individual whenever compliance by such individual is impossible or would involve extreme hardship to such individual and if enforcement of such obligation with respect to any individual would be against equity and good conscience.

"ADMINISTRATION; CONTRACTUAL ARRANGEMENTS

"SEC. 785. The Secretary may enter into agreements with schools of medicine, hospitals, or other appropriate public or nonprofit private agencies under which such schools, hospitals, or other agencies will, as agents of the Secretary, perform such functions in the administration of this subpart, as the Secretary may specify. Any such agreement with any school, hospital, or other agency may provide for payments by the Secretary of amounts equal to the expenses actually and necessarily incurred by such school, hospital, or other agency in carrying out such agreement.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 786. For the purpose of making scholarship grants under this subpart, there are authorized to be appropriated $2,500,000 for the fiscal year ending June 30, 1972, $3,000,000 for the fiscal year ending June 30, 1973, and $3,500,000 for the fiscal year ending June 30, 1974. For the fiscal year ending June 30, 1973, and for each succeeding fiscal year, there are authorized to be appropriated such sums as may be necessary to continue to make such grants to students who (prior to July 1, 1974) have received such a grant and who are eligible for such a grant under this part during such succeeding fiscal year."

EXHIBIT 4

[From CONGRESSIONAL RECORD, July 14, 1971]

HEALTH PROFESSIONS EDUCATIONAL ASSISTANCE AMENDMENTS OF 1971

Mr. BEALL. Mr. President, I am pleased to cosponsor and support S. 934, the Health Professions Educational Assistance Amendments of 1971.

National attention has rightly focused on the health care crisis in the country. While there is much that is right about our medical system, there is also much that is wrong. Almost 2 years ago, President Nixon warned that the American health care system faced a "massive crisis." In his health message submitted in February of this year, the President reiterated that warning and added that the "crisis has deepened."

The crisis can been seen in the spiraling medical costs, the manpower shortages and their maldistribution, the uneven distribution of medical services among various sectors of our society, and the gap between available medical knowledge and its delivery to the patient. Providing quality health care to our citizens wherever they live and at a price they can afford is a challenge facing the health care system, Congress, and the Nation.

I believe that we will be solving the financing part of the health care crisis either in this Congress or certainly in the next Congress, at the latest. The result will be that greater demand will be made on our medical services. That is why we need to take action now to assure adequate manpower and facilities to meet the increased demands. This will be true no matter what decision we reach with respect to the method of financing health care. While medicare has been a blessing to many senior citizens, it nevertheless demonstrates the need to increase the supply of medical manpower when we add significantly to the demand side. A decision on the financing of health care will obviously do that. It is incumbent upon Congress to take those steps necessary to make certain

that we do not repeat the mistakes we made when we enacted the medicare program.

MANPOWER SHORTAGES

Mr. President, there exists in this country today a great gap between the medical manpower needed and the manpower available. For example, it is estimated that today the Nation is short 50,000 medical doctors. Shortages also exist in other health professions areas. The aim of this measure is to provide the Nation with an adequate supply of doctors, dentists, osteopaths, pharmacists, optometrists, podiatrists, and veterinarians.

Nurses also are a vital part of the health team and we have handled the nurse manpower situation in another bill, S. 1747, "Nurses Training Amendments of 1971," which I also cosponsored, and which will be considered by the Senate also.

The health professional is the key to improving health care in this country. Without them, no system will work properly. That is why the bill is so important and why it is being considered first.

BILL'S PROVISIONS

The comprehensive bill before the Senate today authorizes matching grants and loan guarantees for the construction of medical facilities; provides substantially increased institutional support to the health profession schools, authorizes incentives for the shortening education programs and for increased enrollment; creates a program to encourage family medicine; encourages greater utilization of computer technology; authorizes special project grants for programs to improve manpower distribution, brings about curriculum reform, encourages greater utilization of paramedical personnel, and for new approaches in health care organization and delivery; and extends and improves the health profession student loan and scholarship programs, including the incorporation of a bill, S. 790, "the physician shortage area scholarship program" which I introduced in the Senate earlier this year.

Since the other provisions of this bill will be discussed in detail by the bill's manager, and my other colleagues on the committee, I want to discuss this provision at some length.

BEALL AMENDMENT INCLUDED

S. 790 was introduced by me on February 17 of this year and was cosponsored by Senator DOMINICK and approximately one-quarter of the Senate membership. As incorporated into S. 934, the physician shortage area scholarship program is substantially the same as the original bill with the major exception being the deletion of the fellowship program. I ask unanimous consent that at the conclusion of my remarks the text of the physician shortage area scholarship program be printed in full in the RECORD.

Under this program, 3,500 scholarships, up to $5,000 each, are authorized over a 5-year period to young men and women who agree to serve in physician shortage areas. Five hundred such scholarships will be available in the first year, increasing to 900 by the fifth year. This area may be in rural Appalachia, in a urban poverty area, or among migrant farmworkers. For each year of the scholarship, 1 year of service in a shortage area is required. A student, participating in the scholarship program, who subsequently does all of his postgraduate work in a medical scarcity area, is relieved of 1 year of his service obligation.

If a scholarship recipient fails to honor his commitment, the scholarship is in effect converted to a loan and the individual is required to repay to the Government the value of the scholarship plus interest at the commercial market rate. If the program works, we will have taken important action in helping to solve the maldistribution problem; if it does not, the Government will not lose a cent.

The physician maldistribution problem is one of the most serious problems confronting the country and it is one of the most difficult to solve. That is why I believe that this program, which is specifically designed to respond to this problem, is so important. For the many doctor-shortage areas of the Nation, I believe it is imperative that this program be retained in the final bill. As I mentioned earlier, we need 50,000 doctors in the United States today. This gross national statistic does not adequately convey the gravity of the situation in many rural and urban areas of this country. A 1970 AMA study of the distribution of physicians indicated that there were 134 counties in this country lacking a single physician. While no Maryland county was on that list, there are many Maryland counties which are in dire need of additional physicians.

Obviously there are many more communities than counties in the country with out a single physician or without an adequate number of doctors. Although there is not a great deal of information available on individual communities lacking doctors, research that is available indicates that a great need exists. For example, a 1960 survey of over 1,600 towns and cities in Minnesota, North Dakota, South Dakota and Montana identified 1,000 towns as not having a single physician, and an additional 224 towns with only one physician.

One physician counties or communities are likely to become no-physician towns or counties unless action is taken. This is true because the age of physicians in these rural communities tends to be higher. For example, in rural Appalachia 65 percent of the physicians are over 50 years of age. In West Virginia over the last 10 years approximately 60 communities of a population of less than 10,000 have been left without a doctor as rural practitioners retire and younger doctors are not found to replace them. Thus, there is a need for providing incentives for young physicians to go into these communities.

Just as this program is direly needed by rural America, it is also needed by the inner-city area. A 1970 study of the metropolitan area of Baltimore identified 16 census tracks in the inner city which were totally lacking in primary care physicians. These census areas served approximately 174,000 people, most of whom were economically disadvantaged. I believe that the bill, which effectively respond to the maldistribution problem in both the rural and urban shortage areas. The program establishes a unique priority system for selecting students for the scholarship program.

PRIORITIES FOR SCHOLARSHIPS

The first priority is granted to individuals from lower income families who live in a physician-shortage area and who agree to return and practice in such area.

The second priority is given to individuals who reside in a physician-shortage area who agree to return and practice in such area.

The third priority is allocated to individuals from lower income families who, although residing in an area where there is not a physician shortage agree to practice in any physician-shortage area.

The final priority would go to individuals, not lower income, who do not come from an area of physician shortages, but who agree to practice in any physician-shortage area.

Mr. President, there are two primary purposes for the system of priorities for selecting eligible students for scholarships under the bill.

First, the evidence supports, what commonsense tells us, the hypothesis that persons from physician-shortage areas are more likely to return to and remain in such areas and practice medicine.

The results of an American Medical Association's survey published in 1970, questioning physicians on the factors that influence their decision to practice in a certain area gives support to the bill's priorities. This survey found that over 45 percent of the physicians indicated that they were practicing in or around the town in which they were raised. The survey also revealed that 49 percent of the physicians raised in small towns were practicing in communities of 2,500 or less. An equal percentage of doctors raised in nonmetropolitan communities of 25,000 or more were practicing in cities of that size. The AMA survey confirmed previous studies which had indicated that:

"Physicians who practice in small towns are more likely to have a rural than urban background."

The AMA study concluded that:

"Physicians recruitment for rural areas would be enhanced if more young men with rural backgrounds were encouraged to enter the medical profession."

Continuing, the report had this to say about the influence of a doctor's origins or his place of practice:

"Physicians who practice in small towns are more likely to have rural rather than urban backgrounds . . . rural physicians have predominantly rural backgrounds and metropolitan physicians generally had urban locations during their youth."

If we can persuade young men and women to practice in physician-shortage areas, the evidence indicates that most are likely to remain. The AMA study on this point states that:

"Once a physician establishes a practice he is not likely to move."

This survey found:

"At least 63% of the physicians had not moved from their original practice location. This percentage was consistent regardless of the community size. A more detailed breakdown of the area showed that about one-fourth of the physicians in non-metropolitan areas had practiced twenty years or more in the same place."

This measure is then drafted to give priorities to lower income and other individuals from physician-shortage areas because it is felt that these individuals are more likely to return and remain in the areas in which they were reared.

The second advantage of the priorities established by the bill would be that it would have the effect of attracting and making it possible for more minority and lower income individuals to go to medical school. Across the country there has been a concern over the poor representation of the minority groups in our medical schools. Only recently the University of Maryland took steps to enlarge their minority representation among its medical students.

Another important feature of the legislation is that it would encourage students to practice primary care, including family medicine. In 1931, three out of four of the Nation's doctors were engaged in family practice. In 1967 only one out of five were in general practice. In Baltimore City, only 9 percent of the practicing physicians are in family practice. Indications are that this trend toward specialization and away from general practice is continuing. The Millis report found only 15 percent of the medical student graduates planning to enter general practice.

Steps taken in recent years show some promise of reversing this trend away from general practice. For example, the American Board of Family Practice has been created.

In addition, there is included in this bill provisions to encourage family medicine. I believe that these actions will be a further incentive for medical students to specialize in the practice of family medicine and should encourage medical schools to focus anew on the family physician.

Mr. President, much has been written regarding the idealism of today's young men and women. The medical student is no exception. We are told that the new breed of medical students wants the opportunity to serve their fellow citizen. My program would provide them with this opportunity. In addition, the priority scheme will not only give them an opportunity to serve but it will provide them the chance to serve and minister to the health needs of citizens, often their friends and neighbors, in the physician shortage area wherein they grew up.

I know the Appalachia area of my State well. It is my home area. I know the young men and women who live there and, I believe, they, as well as similarly motivated students from other areas of my State and the Nation, will confirm my faith in them by making this program work.

I am convinced that this proposal is the most important provision in the legislation to deal with the Nation's maldistribution problem. By granting priorities to individuals from the shortage areas to accept the scholarshp conditioned on their making a commitment to serve in such areas, I am convinced that the probability of its success is good.

Mr. President, to solve the health care crisis we must expand our medical manpower and encourage doctors to locate in shortage areas. For if we fail to solve this problem, our goal of quality health care to all Americans, wherever they live, and at a price they can afford, will elude us. As Dr. Egeberg has warned.

"I don't care what Congress does with medical care, Medicaid, and all the other programs, nothing is going to improve the country's medical system until we get more doctors."

In summary, I believe my proposal will significantly respond to some of our medical manpower problems. It will encourage primary care, including family medicine. It responds to the maldistribution problem. It will make is possible for more lower income minority individuals to enter our medical schools.

Mr. President, I believe that S. 934 will provide us with the key, the necessary medical manpower, for improvement in our medical system. The passage of this medical manpower measure does not end legislative action in the health area; but, it will make possible the objectives of other health proposals which will follow. I urge its enactment.

Mr. President, I ask unanimous consent that a summary of the provision of S. 934 be printed in the RECORD.

SUMMARY OF S. 934

"1. Authorize $200 million for fiscal year 1972 for grants to 75% (85% in unusual circumstances) for the construction of facilities for teaching, continuing, or advanced education, medical libraries, and for research facilities in the sciences-related to health. Amount authorized increased $25 million each year until by the end of the 5th year, $300 million is available for such purposes.

"2. Authorizes Federal loan guarantees up to 90% of the principle plus interest for medical facilities. In addition, the bill authorizes interest subsidies to reduce by not to exceed 3% a year the net effective interest rate on the loan.

"3. Authorizes student loans up to $3,500 annually with a provision for cancellation of up to 50% or $5,000 whichever is greater, for service in medically underserved areas.

"4. Authorizes general institutional support of varying amounts to the health professional schools. The formula for allocating such assistance provides for basic $50,000 grant plus the amount obtained by multiplying the number of students enrolled times $4,000 for medical schools, dental and osteopathic, $1,000 for schools of optometry, $600 for schools of pharmacy, $900 for schools of podiatry, and $2,000 for schools of veterinarians.

"A bonus is provided for increased enrollment. In addition, the bill provides the incentives to shorten the education program of schools of medicine, osteopathy and dentistry. The bill also authorizes capitation grants for physicians, dental and other health professions assistants.

"5. Authorizes $150 million for fiscal year 1972 for special projects grants. This amount is increased by $15 million yearly until by fiscal year 1976, $200 million is authorized. These grants are for the improvement of the distribution, supply, and quality of health professionals, and for better utilization and greater efficiency of health personnel in the health delivery system. Grants would be for such purposes as to develop new education programs in health professions; for significant enrollment expansions; curriculum reform; training paramedical personnel; computer technology; new approaches in health care delivery; and programs emphasizing preventive medicine at medical and other health professional schools.

"6. Authorizes scholarship grants to health profession schools for students from low income families or students in exceptional financial need.

"7. Continues the emergency financial distress provisions for medical schools experiencing "severe financial stress".

"8. Authorizes $25 million in the initial year for grants to schools of medicine and osteopathy for training and fellowships in family medicine. For this purpose $15 million is authorized the first year and the sum is increased each year until by the 5th year $85 million is authorized.

"9. Authorizes $25 million annually for a 5 year period for computer technology demonstration programs.

"10. Establishes a National Health Manpower Clearing House to match the medical manpower with community needs.

"11. Directs Secretary of HEW to use his best efforts to assign public health service physicians to counties lacking a single doctor.

"12. PART H—PHYSICIAN SHORTAGE AREA SCHOLARSHIP PROGRAM

"SCHOLARSHIP GRANTS

"SEC. 799D. (a) In order to promote the more adequate provision of medical care for persons who—

"(A) reside in a physician shortage area (as determined pursuant to section 799G);

"(B) are migratory agricultural workers or members of the families of such workers;

the Secretary is authorized, in accordance with the provisions of this part, to make scholarship grants to individuals who are medical students and who agree, after completion of their professional training, to engage in the practice of primary care (i) in a physician shortage area, or (ii) at such place or places, such facility or facilities, and in such manner, as may be necessary to assure that, of the patients receiving medical care in such practice, a substantial portion will consist of persons referred to in clause (B).

"(b) (1) Scholarship grants under this part shall be made with respect to academic years.

"(2) The amount of any medical student scholarship grant under this part to any individual for any full academic year shall not exceed $5,000.

"(3) The Secretary shall, in awarding medical student scholarship grants under this part, accord priority to applicants as follows—

"(A) first, to any applicant who (i) is from a low-income family, (ii) resides in a physician shortage area, and (iii) agrees that, upon completion of his professional training, he will return to such area and will engage in such area in the practice of primary care;

"(B) second, to any applicant who meets all the criteria set forth in subparagraph (A) except that prescribed in clause (i);

"(C) third, to any applicant who meets the criterion set forth in clause (i); and

"(D) fourth, to any other applicant.

"(c) (1) Any medical student scholarship grant awarded to any individual under this part shall be awarded upon the condition that such individual will, upon completion of his professional training, engage in the practice of primary care medicine—

"(A) in the case of any individual who, in applying for a medical student scholarship grant under this part, met the criteria set forth in subparagraph (A) or (B) of subsection (b) (3), in the physician shortage area in which he agreed (pursuant to such subparagraph) to engage in such practice; and

"(B) in the case of any individual who did not agree (pursuant to such subparagraph (A) or (B) to engage in such practice in any particular physician shortage area or has been waived (pursuant to paragraph (4)) to engage in such practice in any particular physician shortage area—

"(i) in any physician shortage area, or

"(ii) at such place or places, in such facility or facilities, and in such manner, as may be necessary to assure that, of the patients receiving medical care provided by such individual, a substantial portion will consist of persons who are migratory agricultural workers or are members of the families of such workers;

for a twelve-month period for each full academic year with respect to which he receives such a scholarship grant. For purposes of the preceding sentence, any individual, who has received a medical student scholarship grant under this part for four full academic years, shall be deemed to have received such a grant for only three full academic years if such individual serves all of his internship or residency in a public or private hospital, which is located in a physician shortage area, or a substantial portion of the patients of which consists of persons who are migratory agricultural workers (or are members of the families of such workers) and, if, while so serving, such individual receives training or professional experience designed to prepare him to engage in the practice of primary care.

"(2) The condition imposed by paragraph (1) shall be complied with by any individual to whom it applies within such reasonable period of time, after the completion of such individual's professional training, as the Secretary shall by regulations prescribe.

"(3) If any individual to whom the condition referred to in paragraph (1) is applicable fails, within the period prescribed by paragraph (2), to comply with such condition for the full number of months with respect to which such condition is applicable, the United States shall be entitled to recover from such individual—

"(A) an amount which bears the same ratio to the aggregate of (i) the amounts of the medical student scholarship grant or grants (as the case may be) made to such individual under this part plus (ii) the amount of interest which would be payable on such amounts if such amounts had been loans bearing an interest fixed by the Secre-

tary of the Treasury, after taking into consideration private consumer rates of interest for consumer credit prevailing at the time the scholarships were awarded, and the interest thereon had been compounded annually, as

"(B) (i) the number obtained by subtracting from the number of months to which such condition is applicable a number equal to one-half of the number of months with respect to which compliance by such individual with such condition was made, bears to (ii) the number of months with respect to which such condition is applicable. Any amount to which the United States is entitled to recover under this provision shall be paid to the United States with interest on the unpaid balance at the rate used to determine the amount of such entitlement under the preceding sentence within five years of the date of the determination of such entitlement.

"(4) (A) Any obligation of any individual to comply with the condition applicable to him under the preceding provisions of this subsection shall be canceled upon the death of such individual.

"(B) The Secretary shall by regulations provide for the waiver or suspension of any such obligation applicable to any individual whenever compliance by such individual is impossible or would involve extreme hardship to such individual and if enforcement of such obligation with respect to any individual would be against equity and good conscience.

"ADMINISTRATION; CONTRACTUAL ARRANGEMENTS

"SEC. 799E. The Secretary may, in the administration of this part, enter into agreements with schools of medicine, hospitals, or other appropriate public or nonprofit private agencies under which such schools, hospitals, or other agencies will, as agents of the Secretary, perform such administrative functions as the Secretary may specify. Any such agreement with any school, hospital, or other agency may provide for payment by the Secretary of amounts equal to the expenses actually and necessarily incurred by such school, hospital, or other agency in carrying out such agreement.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 799F. For the purpose of making medical student scholarship grants under this part, there is authorized to be appropriated $2,500,000 for the fiscal year ending June 30, 1972, $3,000,000 for the fiscal year ending June 30, 1973, $3,500,000 for the fiscal year ending June 30, 1974, $4,000,000 for the fiscal year ending June 30, 1975, and $4,500,000 for the fiscal year ending June 30, 1976 and for each succeeding fiscal year, such sums as may be necessary to continue to make such grants to students who (prior to July 1, 1976) have received such a grant and who are eligible for such a grant under this part during such succeeding fiscal year.

"DEFINITION OF PHYSICIAN SHORTAGE AREA

"SEC. 799G. (a) The term 'physician shortage area' when used in this part refers to an area designated by the Secretary as a medically underserved area pursuant to section 741(f)."

EXHIBIT 5

CHOICE OF PRACTICE LOCATION: THE INFLUENCE OF DENTAL SCHOOL LOCATION AND RESIDENCE AT ADMISSION

(By Henry Wechsler, Ph. D., Denise Thum, Ph. D., and Allan F. Williams, Ph. D.)

Geographic maldistribution of dentists is an important aspect of the current and projected dental manpower shortage. In an effort to understand some of the factors associated with dentists' choice of practice location, approximately 2,400 dentists who graduated from selected dental schools during 1950, 1955, and 1960 through 1965, were surveyed and the relationship between their current practice location, their place of residence at the time of admission to dental school, and the location of the school they attended was investigated. It was found that most of the dentists who were New York State residents at the time of admission to the three New York dental schools, or five selected out-of-state schools, located their practices in New York State. Similarly, most of the non-resident graduates of the New York dental schools returned to their home states to practice. Furthermore, the large majority of New York State residents who graduated from New York dental schools established their practices in the same geographic region within the state as their original residence, or in a region which was similar to their original residence with respect to urbanization and population density. The implications of these findings for dental manpower planning are discussed.

The demand for quality dental care is rising sharply due to population growth, rising consumer expectations concomitant with higher levels of income and education, and increasing coverage by public and private insurance plans. As incomes increase and dental insurance coverage becomes more widespread, many people who have not sought regular care in the past will be so. These considerations have led to predictions of a critical dental manpower shortage in the relatively near future. For example, Cole and Cohen [6] have estimated a shortage of 9,000 to 38,500 dentists by 1980, depending on the extent of the public's participation in dental insurance plans.

However, the nation's dental manpower problem is not simply one of an absolute shortage of dentists. The available evidence indicates that geographic maldistribution of dentists is an extremely important aspect of the problem. Dentist-to-population ratios, in 1968, ranged from one dentist for every 3,726 persons in South Carolina to 1:1,230 in New York State.[1]

Furthermore, wide variations exist within states. In 1970, New York City had a dentist-to-population ratio of 1:1,125 with 51 per cent of the state's practicing licensed dentists, while dentist-to-population ratio were below the national average in large areas of the less populous central and northern parts of the state.[5] Even within relatively well-supplied metropolitan areas, there are marked local differences in dental manpower supplies. For example, in a study done in Greater Boston,[6] it was found that dentists were concentrated in high socioeconomic status areas where demand has been greatest, and that low-income areas tended to have relatively high proportions of older dentists working shorter hours. Undoubtedly, similar conditions exist in many other metropolitan areas.

These local and regional differences could merely reflect differences in the demand for dental care. In a mailed questionnaire survey of 900 private practitioners throughout New York State, however, 35 per cent of the dentists in New York City reported that their area has too many dentists, and 41 per cent wanted more patients. Compared with dentists in other parts of the state. New York City dentists had the shortest waiting times and the lowest average number of patient visits per week.[3] These findings strongly suggest that some areas of New York City are oversupplied with dentists. In contrast, the same survey found evidence of shortages elsewhere in the state.

Active efforts must be made to achieve a more equitable distribution of dental manpower, if the residence of remote, rural regions, and inner-city poverty areas are to have access to adequate dental care. As the Carnegie Commission's recent report states, "Merely increasing the supply . . . will not solve the problem of deficient health care in low-income areas." [2] Little is known, however, about factors associated with dentists' choice of practice location. If efforts to correct the maldistribution of dentists are to be effective, we must achieve a better understanding of those factors which have contributed to the present concentation of dentists in metropolitan areas.

As part of a larger project to study the dental manpower situation in New York State, a special study was done to investigate the relationship between dentists' practice location, their place of residence at the time of admission to dental school, and the location of the school they attended. The Carnegie Commission has suggested that one effective approach to the maldistribution of health personnel would be to establish training facilities in remote regions, in the expectation that graduates would tend to remain in the area. For this reason, we felt that it would be of considerable value to examine the extent to which practice location is related to dental school location.

METHOD

Three groups were studied, comprising a total of approximately 2,400 dentists: 1. all dentists who were New York State residents at the time of admission to dental school, and who graduated from New York dental schools (Buffalo, Columbia, and New York University) during 1950, 1955, or 1960–1965; 2. all out-of-state residents who graduated from the three New York schools during these years, and 3. all New York State residents who graduated during these years from the five out-of-state schools most frequently attended by New York State residents—Georgetown, Howard, Pennsylvania, Temple, and Tufts.

Names of graduates were furnished by the eight schools in the study. The three New York schools supplied the names of all graduates during the selected study years and also specified their residence at the time of admission; the five out-of-state schools provided the names of those graduates who were residents of New York State at the time of admission. The 1970 American Dental Association Directory was used to determine practice location at the time of the study.

TABLE 1.—1970 PRACTICE LOCATION OF NON-FEDERAL DENTISTS GRADUATED FROM NEW YORK DENTAL SCHOOLS AND OF NEW YORK RESIDENTS GRADUATED FROM SELECTED OUT-OF-STATE SCHOOLS

[In percent]

1970 location	New York State residents		Nonresidents
	From New York schools	From out-of-state schools	from New York schools
New York State	84	71	12
Out-of-State	16	29	88

RESULTS

As may be seen in Table 1, 84 per cent of the non-federal dentists who were New York State residents at the time of admission to a New York dental school later located their practices in New York State. Among the New York State residents who graduated from one of the five selected out-of-state schools, 71 per cent returned to practice in New York State. Only 7 per cent of the New York State residents who graduated from out-of-state schools practiced in the same state as their dental school, 22 per cent had moved to another state. Similarly, only 12 per cent of

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Footnotes at end of article.

the nonresident graduates of New York schools remained in New York State. The majority (75 per cent) of the nonresidents returned to their home state, while 18 per cent practiced in a state other than New York or their home state.

Thus, after attending dental school in a state other than their home state, most dentists returned to their own state to practice. Furthermore, it was found that over half of the dentists who were New York residents at admission and who graduated from New York schools had established practice in the same general area of New York State as their residence prior to dental school.

The analysis shown in Table 2 was done in order to study further the relationship between original residence and practice location among the graduates of New York dental schools who were residents of New York State at the time of admission. Practice location in 1970 was determined for three groups: 1. all dentists who were residents of the New York Standard Metropolitan Statistical Area at admission (for SMSA definitions, see ref. 4); 2. all dentists from the six other SMSAs in New York State (Albany-Schenectady-Troy, Binghamton, Buffalo, Rochester, Syracuse, and Utica-Rome), and 3. all dentists from non-metropolitan areas of New York State (i.e., from towns not included in New York State SMSAs).

TABLE 2.—1970 PRACTICE LOCATION OF NEW YORK STATE RESIDENTS GRADUATED FROM NEW YORK DENTAL SCHOOLS, BY RESIDENCE AT ADMISSION

[In percent]

1970 location	Residence at admission: New York City	Other SMSA	Non-SMSA
New York State:			
Same SMSA as residence	79	64	
Different SMSA:			
New York City SMSA		4	9
Other SMSA	2	11	22
Non-SMSA	3	9	47
Out-of-State	16	12	22

The findings shown in Table 2 indicate, the large majority of New York State residents who graduated from New York dental schools established their practices in the same geographic region as their original residence, or in a region which was similar to their original residence with respect to urbanization and population density. Seventy-nine per cent of the dentists who were originally from the New York City SMSA practiced in that area; only 3 per cent established practice in a non-metropolitan area. Similiarly, among those who were from another metropolitan area in New York State, 64 per cent practiced in the same SMSA as their residence at admission; 15 per cent practiced in a different SMSA in New York State (4 per cent in Metropolitan New York City), and 9 per cent moved to a non-metropolitan region of the state.

The most striking finding shown in Table 2, however, is that nearly half (47 per cent) of the dentists who were originally from a non-metropolitan area later established practice in a non-metropolitan area within New York State. Although 79 per cent of the New York City SMSA residents remained in Metropolitan New York, very few dentists who were originally from another area of the state established practice in the New York City SMSA. Those from SMSA other than New York City tended to locate in one of the less densely populated SMSAs, while those from non-metropolitan areas who remained in New York State most often established practice in a non-metropolitan area or in one of the less densely populated SMSAs.

Thus, New York dental school graduates tended to establish practice in the same area as their residence prior to enrollment, or in an area with somewhat similar socioeconomic characteristics. This general pattern was found regardless of the school attended or year of graduation. Buffalo graduates who were originally from Metropolitan New York City located their practices in or around New York City with the same high frequency (79 per cent) as did Metropolitan New Yorkers who attended Columbia (79 per cent) or New York University (80 per cent).

DISCUSSION

The Carnegie Commission has suggested that a principal method to combat the present maldistribution of health personnel should be to develop health education centers in remote, rural areas in order to attract health personnel to those areas. The logic underlying this suggested approach is that graduates would tend to remain in the area of their school, and that other professionals might be encouraged to locate there because of the accessibility of facilities and professional colleagues.

The present study calls into question the validity of these assumptions. In itself, the location of the dental school attended does not appear to be an important factor in determining graduates' choice of practice location. The majority of dentists in the New York study established practice in their home area, regardless of where they went to dental school. Thus, although the need to expand and construct broadly distributed health care facilities cannot be disputed, the results do not lend support to the idea that the distribution of dentists can be significantly altered by establishing dental schools in areas with manpower shortages.

The New York study does not indicate whether or not these dentists ever practiced in an area other than that where they were located in 1970. However, striking differences were found in the 1970 practice location of those who were originally from metropolitan areas and those from nonmetropolitan areas. Dentists from nonmetropolitan areas of New York State were considerably more likely to be practicing in a non-metropolitan area than were those originally from New York City or another New York SMSA. Nearly half (47 per cent) of those from non-metropolitan areas were found to be practicing in a rural area, compared with only 3 per cent of those from New York City and 9 per cent of those from other New York SMSAs. While 31 per cent of the dentists from rural areas did establish practice in a New York SMSA and 22 per cent went out-of-State, the fact remains that the probability that a dentist would be practicing in a non-metropolitan area was much greater among those who were residents of such an area at the time of dental school admission than among those from a metropolitan area.

The finding that dental graduates frequently establish practice in their home area or in an area with similar socioeconomic characteristics suggests that one effective approach to the maldistribution problem may be to actively recruit dental students from rural and low-income areas with shortages of dentists. It must be recognized, of course, that most of the dentists in the New York study were probably from middle and upper-middle income families. If policies are adopted to recruit students from undersupplied areas, many of these students will be drawn from lower and lower-middle income families. Whether or not dental graduates from low-income families would also tend to return to their home area to practice cannot be determined on the basis in the New York findings. It is entirely possible that upwardly mobile students from low-income families would seek to establish practice in higher income areas where practice would be more lucrative and living conditions more attractive. Further research must be done to investigate the factors affecting choice of practice location among dental graduates from rural and urban poverty areas, as more young people from these areas enter the dental profession.

If active efforts are made to recruit dental students from under-supplied low-income areas, it will probably be necessary for dental schools to modify their admissions policies and for special financial assistance and other incentives to be offered to prospective students. Thus, recruitment efforts might involve preferential entrance requirements, assistance in obtaining dental school placement, reduced tuition, loans for tuition, and living expenses which would be cancelled after several years of practice in an undersupplied area, and A.D.A. or government scholarships. In addition, inducements could be offered to graduate dentists, to encourage them to practice in undersupplied regions. These incentives could include loans to set up practice, tax benefits, time credits toward military obligations, provision of facilities and ancillary services, and so forth. A broad range of approaches will be necessary to ensure that the nation's dental care demands will be met in the future.

ACKNOWLEDGMENT

The authors gratefully acknowledge the help provided by various people in the New York State Education Department, especially Dr. Helen B. Wolfe; Dr. Donald F. Wallace, Secretary of the Board of Dental Examiners, and the New York State Dental Society and the project's Advisory Committee.

FOOTNOTES

[1] Bureau of Economic Research and Statistics, American Dental Association; Distribution of Dentists in the United States by State Region, District and County, 1969.

[2] Carnegie Commission on Higher Education: Higher Education and the Nation's Health: Policies for Medical and Dental Education, New York: McGraw-Hill, 1970.

[3] Cole, R. B., and Cohen, L. K.: Dental manpower—Estimating resources and requirements. Millbank Mem. Fund Q. 49:29, 1971.

[4] Office of Statistical Standards, Bureau of the Budget: Standard Metropolitan Statistical Areas, 1964.

[5] Wechsler, H.: New York State Dental Manpower Study, Albany, The New York State Education Department, July 1971.

[6] Williams, A. F., Wechsler, H., and Garfield, F.: Dental manpower in an urban area, Med. Care 7:288, 1969.

Mr. DOLE. Mr. President, will the Senator from Maryland yield?

Mr. BEALL. I am happy to yield to the Senator from Kansas.

Mr. DOLE. Mr. President, I concur with the remarks of the distinguished senator from Maryland (Mr. BEALL), and add that the failure of this extremely worthwhile program to have been implemented has had especially far-reaching adverse effects in Kansas—where the shortage of physicians in our rural areas is particularly acute.

I do not think anyone will argue with the merits of this medical student scholarship program. That fact was implicit in the overwhelming support which the

measure received when passed by Congress nearly 2½ years ago. What we are so distressed about is the inaction the program has received, as a result of which the progress we had looked forward to in 1971 just has not become a reality.

Thus, in spite of the positive outlook we shared when Public Law 92–157 was signed by the President, the status of the critical physician shortage has remained relatively unchanged. In Kansas, there are still many locations where one doctor sometimes serves an entire community and miles of surrounding country; where some communities cannot attract new doctors even with offers to provide facilities and practically guarantee their livelihood; where a sick child or an accident victim has to be carried for miles because the nearest town has lost its only doctor.

This is an unacceptable situation in a nation with the wealth of professional resources which we have. The problem can only be remedied through improvements in our physician distribution system. The shortage area scholarship program was designed to provide just the incentives which would, hopefully, eventually overcome this pressing need, and it is indeed unfortunate that those charged with carrying it out have not seen fit to do so.

I would hope that our expression of concern here today will fall on responsive ears and produce some immediate favorable results. The funds have been appropriated and qualified and willing applicants are waiting. We have clearly demonstrated and rearffimed our intentions: Now it is incumbent upon the administering officials to act.

Mr. BEALL. Mr. President, I thank the distinguished Senator for his pertinent comments. I appreciate his support. This is indeed an important program to many parts of our country, not just to the rural areas, but to the urban areas as well, because some of the major cities lack primary care physicians, and this program was designed to improve the distribution of health personnel throughout the country. I think it is extremely regrettable that the Department of HEW has been neglecting the program and its responsibility in carrying out the will of the Congress so this program can be implemented.

I yield the floor.

TRANSACTION OF ROUTINE MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of routine morning business for not to exceed 15 minutes, with statements therein limited to 5 minutes.

ORDER FOR RECOGNITION OF SENATOR PROXMIRE ON TUESDAY NEXT

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on Tuesday next, after the leaders or their designees have been recognized under the previous order, Mr. PROXMIRE be recognized for not to exceed 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF SENATOR BIDEN ON WEDNESDAY AND THURSDAY NEXT

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on next Wednesday and Thursday, after other orders for the recognition of Senators previously entered are completed, the distinguished Senator from Delaware (Mr. BIDEN) be recognized for not to exceed 15 minutes each day.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. SPARKMAN, from the Committee on Foreign Relations, without amendment:

S. Con. Res. 72. A concurrent resolution extending an invitation to the International Olympic Committee to hold the 1980 Winter Olympic Games at Lake Placid, N.Y., in the United States, and pledging the cooperation and support of the Congress of the United States (Rept. No. 93–771).

EXECUTIVE REPORTS OF COMMITTEES

As in executive session, the following favorable reports of nominations were submitted:

By ROBERT C. BYRD, from the Committee on the Judiciary:

William J. Schloth, of Georgia, to be U.S. attorney for the middle district of Georgia;

S. John Cottone, of Pennsylvania, to be U.S. attorney for the middle district of Pennsylvania; and

George A. Locke, of Washington, to be U.S. marshal for the eastern district of Washington.

(The above nominations were reported with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

Joseph W. Morris, of Oklahoma, to be U.S. district judge for the eastern district of Oklahoma; and

Murray M. Schwartz, of Delaware, to be U.S. district judge for the district of Delaware.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. MOSS:

S. 3316. A bill to establish National Historic Trails as a new category of trails within the National Trails System, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

By Mr. CHURCH (for himself and Mr. MCGEE):

S. 3317. A bill to amend the Internal Revenue Code of 1954 with respect to .22 caliber ammunition recordkeeping requirements. Referred to the Committee on Finance.

By Mr. NELSON (for himself and Mr. ABOUREZK):

S. 3318. A bill to amend the Interstate Commerce Act and to provide for regulation of certain anticompetitive developments in the petroleum industry. Referred jointly to the Committees on Commerce and the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. MOSS:

S. 3316. A bill to establish National Historic Trails as a new category of trails within the National Trails System, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

NATIONAL HISTORICAL TRAILS ACT

Mr. MOSS. Mr. President, when the Congress enacted the National Trails System Act (P.L. 90–543) we directed the Department of Interior to study 14 trails which were specifically named for possible addition to the National System as National Scenic Trails.

Many of these trails were nominated because of their historic significance; not for their outstanding scenic beauty. Some, like the Mormon Battalion Trail, were traveled only once; others, like the Oregon and Old Cattle Trails, were traversed many times.

Several of these trails later became the main routes for transregional or transcontinental travel. Highways and railroads overlay or are contiguous to many miles of the original trails and communities have been developed at the crossroads or at historic resting places. For these reasons, the routes do not meet national scenic trail criteria. Neither should they be managed only for nonmechanized modes of travel.

They should, however, be given the national recognition and protection they so richly deserve. It is for this reason that I am today introducing a bill to amend the National Trails System Act by making historic trails a category under which trails such as the Oregon, Mormon Battalion, Old Cattle, and other trails can be included in the system.

I ask that the text of this bill be printed in full in the RECORD at the close of these remarks.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 3316

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the National Trails Systems Act (82 Stat. 919; 16 U.S.C. 1241) is amended as follows:

(a) In section 2(b) delete "and scenic" and insert ", scenic, and historic".

(b) In section 3 redesignate subsection "(c)" and "(d)", and insert prior thereto a new subsection (c) as follows: "(c) National Historic trails, established as provided in section 5 of this Act, which will be extended trails that follow as closely as possible the original trails of national historical significance but which may not be continuous trails because of the existence of cities, highways or other developments that have occurred since they were originally established."

(c) In the new section 3(d) delete "or national scenic" and insert ", national scenic or national historic".

(d) In the heading of section 5 after "SCENIC" insert "AND NATIONAL HISTORIC"; the first sentence of section 5(a) after "Scenic" insert "and national historic"; and in section 5(a) after "national scenic" wherever it appears insert "or national historic."

(e) In section 6 delete in the first sentence "or national scenic" and insert ", national scenic, or national historic"; and in the second sentence delete "or scenic" and insert ", scenic, or historic".

(f) In section 7 in the first sentence of subsection (a) after "Scenic" insert "and National Historic"; in subsection (b) and in the first sentence of subsection (c) after "scenic" wherever it appears insert "or national historic"; in the penultimate sentence of subsection (c) delete "and scenic" and insert ", scenic, and historic"; in subsection (d) delete "or scenic" and insert ", scenic, or historic"; in subsection (e) after "scenic" wherever it appears insert "or historic"; in the first sentence of subsection (h) delete "or scenic" and insert ", scenic, or historic"; in the second sentence of subsection (h) after "scenic" insert "or historic"; and in the first sentence of subsection (i) delete "or scenic" and insert ", scenic, or historic".

(g) In section 8(a) at the end of the first sentence insert the following sentence: "The Secretary is also directed to encourage States to consider, in their comprehensive statewide historic preservation plans and proposals for financial assistance for State, local, and private projects submitted pursuant to the Act of October 15, 1966 (80 Stat. 915), as amended, needs and opportunities for establishing historic trails."

By Mr. CHURCH (for himself and Mr. MCGEE):

S. 3317. A bill to amend the Internal Revenue Code of 1954 with respect to .22 caliber ammunition recordkeeping requirements. Referred to the Committee on Finance.

EXEMPTION OF .22 CALIBER AMMUNITION FROM RECORDKEEPING UNDER THE 1968 GUN CONTROL ACT

Mr. CHURCH. Mr. President, for myself and Senator MCGEE, I introduce today for appropriate reference legislation which would add .22 caliber rimfire ammunition to the category of ammunition sales which licensed dealers are exempted from recording as required by the Gun Control Act of 1968.

In 1969, I joined with the senior Senator from Utah (Mr. BENNETT) in supporting an amendment to eliminate the registration provisions as they affect sporting rifle and shotgun ammunition. The Congress adopted this amendment, thereby repealing the recordkeeping requirements with respect to sales of first, shotgun ammunition, second, ammunition suitable for use only in rifles generally available in commerce, and third, component parts for these types of ammunition. In adopting this proposal Congress supported my belief that the reporting requirements for ammunition for sport firearms created a large and unnecessary administrative burden on the Treasury Department, on ammunition dealers, and on the Nation's sportsmen who purchase this type of ammunition.

My bill adds .22 caliber rimfire ammunition to the existing provision (section 4182(c) of the Internal Revenue Code of 1954) exempting other types of sporting ammunition.

What exactly does the recordkeeping involve? Under provisions of the 1968 Gun Control Act, it is unlawful for a federally licensed dealer to sell or deliver ammunition without making a record showing the name, age, and residence of the purchaser. Furthermore, all dealers are required to maintain such records of importation, production, shipment, receipt, sale, or other disposition of firearms and ammunition as may be provided by regulations. In accordance with Treasury Department regulations, a licensee who sells .22 caliber ammunition is required to record: First, the date of the transaction; second, the name of the manufacturer, the caliber, gage, or type of component, and the quantity of the ammunition transferred; third, the name, address, and date of birth of the purchaser; and fourth, the method used by the licensee to establish the identity of the purchaser.

The time and nuisance involved in complying with these requirements cannot be justified. The Treasury Department, itself, concedes that, because of the volume of transactions in .22 caliber ammunition, "the recordkeeping requirements have become so burdensome that they tend to detract from the enforcement of other provisions of the firearms laws."

Moreover, this burdensome recordkeeping has proved of no value in the control of crime. Treasury Department officials have testified before congressional committees that they know of no instance "where any of the recordkeeping provisions relating to sporting-type ammunition—including .22 caliber rimfire ammunition—has been helpful in law enforcement." The Justice Department has also confirmed that:

> There is not a single known instance, as we have learned from our discussions with IRS, with the firearms people there, not a single known instance where any of this recordkeeping has led to a successful investigation and prosecution of a crime.

As far as I can tell, the only purpose of the restrictions on .22 caliber ammunition is to harass legitimate sportsmen and dealers. In no way do these restrictions help to prevent crime or track down criminals.

The present restrictions on .22 caliber rimfire ammunition is a prime example of unnecessary harassment of sportsmen and dealers. When there is already so much Government intrusion in our daily lives, here is a place to end senseless registration requirements on the sale of the most popular type of sporting ammunition in the United States.

I hope the Senate will act favorably on this proposal.

By Mr. NELSON (for himself and Mr. ABOUREZK):

S. 3318. A bill to amend the Interstate Commerce Act and to provide for regulation of certain anticompetitive developments in the petroleum industry. Referred jointly to the Committees on Commerce and the Judiciary.

(The remarks by Mr. NELSON on the introduction of the above bill and the ensuing discussion appear later in the RECORD.)

ADDITIONAL COSPONSORS OF BILLS AND JOINT RESOLUTIONS

S. 411

At the request of Mr. MCGEE, the Senator from Washington (Mr. MAGNUSON) was added as a cosponsor of S. 411, to amend title 39, United States Code, relating to the Postal Service, and for other purposes.

S. 2801

At the request of Mr. PROXMIRE, the Senator from Alaska (Mr. GRAVEL) was added as a cosponsor of S. 2801, a bill to amend the Food, Drug, and Cosmetic Act concerning safe vitamins and minerals and for other purposes.

ADDITIONAL COSPONSOR OF A CONCURRENT RESOLUTION

SENATE CONCURRENT RESOLUTION 79

At his own request, Mr. Moss was added as a cosponsor of Senate Concurrent Resolution 79, expressing the sense of Congress with respect to the celebration of the 100th anniversary of the birth of Herbert Hoover.

INCREASE IN EDUCATIONAL BENEFITS TO VETERANS—AMENDMENT

AMENDMENT NO. 1155

(Ordered to be printed and referred to the Committee on Veterans' Affairs.)

Mr. BUCKLEY. Mr. President, one of the great disgraces of recent times has been the shabby treatment given to many of our Vietnam veterans. Those who willingly answered the call of duty have returned from an ugly war to find themselves often shunned in civilian life. Even while they were fighting in Vietnam, a well-organized, well-financed campaign of protests against their valiant actions was dominating the American domestic scene. And now, with no American fighting men remaining in Vietnam, the Vietnam veteran is suffering serious neglect in regard to veterans' benefits.

I have reviewed the present laws which outline the benefits now available to veterans, and I find them inadequate.

The veterans of Vietnam served as faithfully as those of the Second World War and the Korean war, and have earned in every way the same expression of national gratitude in terms of veterans' benefits. Congress is just beginning to come to grips with the realities of the civilian readjustment facing the Vietnam veteran. Recent activity on the part of the Senate Committee on Veterans' Affairs does brighten the outlook for realistic reforms in the entire approach toward correcting inequities and deficiencies in present policies.

As a first step, the committee reported out the Veterans Insurance Act of 1974 which provides 5-year term insurance, raises coverage to levels as high as $20,000, guarantees conversion privileges at that level, and includes certain members of the Reserves and National Guard.

On March 29th, the Senate Committee began hearings on a number of bills dealing with the educational assistance programs. The three major bills to be discussed are House bill 12628 which has been passed by the House, S. 2784, the bill proposed by the Senate Committee on Veterans' Affairs and S. 2789, Senator McGOVERN's bill. Each of these bills seeks an increase in educational assistance to veterans, but each proposes a different form in which this increase is to be realized. Each of these bills extends the eligibility period to 10 years, and all three provide for expansion of the work-study allowance program. The committee's bill proposes a loan program in addition to increased allowances. Senator McGOVERN's bill proposes limited tuition payments.

In the City University of New York—CUNY—where tuition costs are not the problem, the veterans are more interested in increases in the subsistence allowance because of the high cost of living in New York City. Veterans at Hofstra, however, might be more concerned about tuition. Perhaps a loan program would prove a burden when the time came to repay. When the total cost of a bill becomes a factor, costly administrative changes may divert money away from the veteran's pockets.

Mr. President, these considerations make the hearings which are in progress now an essential legislative exercise. This will be an opportunity for the Senators on the committee, and those not directly involved, to make judgments on the wisdom of conflicting proposals in accordance with facts and evidence presented by witnesses. If I detect deficiencies in the final bill as reported, I will have an opportunity to add in one area or subtract in another through amendments. At this time, it appears certain that education allowances will be increased and eligibility extended 2 years. The discussion will center on methods and fringe areas, but present indications are we will emerge with reasoned, comprehensive legislation in the area of education benefits.

Because my mail has brought some specific hardships to my attention, I am introducing an amendment to extend the eligibility period an additional 2 years where rotating shifts, prolonged illness, or a similar handicap has prevented a veteran from completing his education within the allotted time. Although it is generally recognized that totally inadequate subsistence benefits for veterans have created insurmountable difficulties for the veteran of recent years in attempting to complete his education within the allotted 8 years, no acknowledgment has been given to the veteran who has suffered additional hardship because of unexpected debilitating illness or working hour requirements beyond his control. Not only will my amendment correct this situation, but it will encourage policemen, firemen, and other public safety officers who are veterans to pursue education under the GI bill which will promote professionalism in their chosen vocations. I am introducing this amendment to the House bill to insure its consideration at the hearings. If accepted, this amendment would provide for up to 12 years of eligibility in hardship cases.

I send my amendment to the desk and ask for its appropriate referral. I also ask that it be provided at this point in the RECORD.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

AMENDMENT No. 1155

On page 5, line 10, strike out "subsection" and insert in lieu thereof "subsections".

On page 5, line 22, strike out the quotation marks and the semicolon.

On page 5, between lines 22 and 23, insert the following:

"(e) Notwithstanding the foregoing provisions of this section, the 10-year delimiting period in the case of any veteran shall be extended for an additional two year period in any case in which the Administration finds that (1) such veteran is employed (and has been so employed for a period of not less than two consecutive years) in a position in which the working shifts are rotated on a mandatory basis in such a manner as to prolong the period required to complete a course of studies, or (2) the Administration finds that such veteran has been unable to complete his educational program prior to the regular delimiting period because of illness or other severe hardship";

FEDERAL ELECTION CAMPAIGN ACT AMENDMENTS OF 1974—AMENDMENT

AMENDMENT NO. 1156

(Ordered to be printed and to lie on the table.)

Mr. HUMPHREY (for himself and Mr. GOLDWATER) submitted an amendment intended to be proposed by them jointly to the bill (S. 3044) to amend the Federal Election Campaign Act of 1971 to provide for public financing of primary and general election campaigns for Federal elective office, and to amend certain other provisions of law relating to the financing and conduct of such campaigns.

ANNOUNCEMENT OF HEARING—TRANSPORTATION AND THE ELDERLY: PROBLEMS AND PROGRESS

Mr. CHURCH. Mr. President, as chairman of the Senate Special Committee on Aging, I would like to announce that the committee will hold a hearing on "Transportation and the Elderly: Problems and Progress," April 9, 1974, beginning at 10 a.m. in room 6202, Dirksen Senate Office Building.

This hearing is a continuation of the inquiry conducted by Senator CHILES in February on behalf of the committee. During the earlier hearing, a number of important questions concerning the impact of the energy crisis and how it is affecting older Americans were raised. We will have testimony from the administration on how they are responding to the needs of the elderly during this period of shortages and rising costs. There are also a number of questions about administration policies in reference to mobility problems of older Americans.

NOTICE CONCERNING NOMINATIONS BEFORE THE COMMITTEE ON THE JUDICIARY

Mr. ROBERT C. BYRD. Mr. President, the following nominations have been referred to and are now pending before the Committee on the Judiciary:

C. Nelson Day, of Utah, to be U.S. attorney for the district of Utah for the term of 4 years, reappointment.

Jonathan L. Goldstein, of New Jersey, to be U.S. attorney for the district of New Jersey for the term of 4 years, vice Herbert J. Stern, resigned.

William W. Milligan, of Ohio, to be U.S. attorney for the southern district of Ohio for the term of 4 years, reappointment.

Richard A. Pyle, of Oklahoma, to be U.S. attorney for the eastern district of Oklahoma for the term of 4 years, reappointment.

On behalf of the Committee on the Judiciary, notice is hereby given to all persons interested in these nominations to file with the committee, in writing, on or before Friday, April 12, 1974, any representations or objections they may wish to present concerning the above nominations, with a further statement whether it is their intention to appear at any hearing which may be scheduled.

ADDITIONAL STATEMENTS

CARL E. WRIGHT DIES: WAS PRODUCTIVE MEMBER OF NATIONAL COMMISSION ON WATER QUALITY

Mr. RANDOLPH. Mr. President, since formation of the National Commission on Water Quality last year there has been no member more dedicated to achieving the goals of this body than Carl E. Wright, who died suddenly on Tuesday of this week. His death was caused by a heart attack. Funeral services were conducted yesterday in Little Rock, Ark., where he lived.

Carl Wright was one of five public members appointed to the Commission

when it was organized under provisions of the Federal Water Pollution Control Act Amendments of 1972. The Commission, on which I am privileged to serve, is charged with important responsibilities. We are directed to assess effectiveness of our national efforts to end water pollution and to give guidance for the development of water pollution control.

To this task Carl brought the experience of many years as an ardent conservationist. His dedication to pollution control, with a mind able to grasp issues, quickly made him a valuable member of the Commission. Throughout the period of his membership he was an active participant, often leading discussions on the vital issues we faced.

Mr. Wright was involved in pollution control activities for two decades, serving with the Arkansas Commission on Pollution Control and Ecology and its predecessor, the Arkansas Pollution Control Commission. He represented industry on the Arkansas commission and served as its chairman from 1957 to 1960, and 1970 to 1972 and as its vice chairman from 1968 to 1970.

During his tenure with the Arkansas commission, our coworkers assisted in drafting all State legislation on water, air, and solid waste pollution, mandatory licensing of treatment plants and operators, a permit system for pollution control activities, and the modification of pollution control legislation. Mr. Wright was instrumental in securing passage of legislation making Arkansas one of the first States with a single agency responsible for dealing with all types of pollution problems.

Mr. President, I am certain that all Commission members, including our able chairman, Nelson Rockefeller, join in sincere sympathy to Mrs. Wright and family.

He was born in Altheimer, Ark., in 1908. He attended Henderson-Brown College and Trinity University, receiving his bachelor's degree in chemistry-mathematics.

Mr. Wright was elected mayor of Gurdon, Ark., serving from 1932 to 1936. He was elected as a representative to the Arkansas General Assembly in 1936 and served 4 years. He then spent 3½ years as a chemical warfare specialist in the U.S. Air Force.

During much of his career he was employed by the Lion Oil Co., a subsidiary of Monsanto. After 3 years in its research laboratory he spent 33 years in marketing.

Mr. President, Carl Wright's long and productive career reached its pinnacle with his service as a member of the National Commission on Water Quality. He was an unusually able and productive individual and he will be missed by those of us who had the privilege to know and work with him.

I ask unanimous consent to have printed in the RECORD a telegram from Mr. F. J. Clarke, Executive Director of the National Commission on Water Quality and a biography of Mr. Wright.

There being no objection, the telegram and biography were ordered to be printed in the RECORD, as follows:

[TELEGRAM]

APRIL 4, 1974.

Senator JENNINGS RANDOLPH,
Capitol Hill, D.C.:

I regret to inform the members of the Commission of the sudden death by heart attack on April 2, of Mr. Carl Wright, a member of the National Commission on Water Quality. His valuable contributions during past years have been noted by all members of the Commission.

His sudden death is regretted by all members of the staff. Funeral services are to be held at 2:30 p.m., April 4, from the Urbel's Funeral Home, Little Rock, Ark.

F. J. CLARKE,
Executive Director.

CARL E. WRIGHT, COMMISSIONER, NATIONAL COMMISSION ON WATER CONTROL

Wright has had a long career in state and local government and in business. He has been involved in pollution control activities for two decades, serving with the Arkansas Commission on Pollution Control and Ecology and its predecessor, the Arkansas Pollution Control Commission. He represents industry on the Arkansas commission and served as its chairman from 1957–60, 1970–72 and as its vice-chairman, 1968–70.

Wright was born in Altheimer, Arkansas in 1908. He attended Henderson-Brown College and Trinity University, receiving his bachelor's degree in chemistry-mathematics.

He was elected mayor of Gurdon, Arkansas, serving from 1932–36. He was elected as a Representative to the Arkansas General Assembly in 1936 and served four years. He then spent 3½ years as a chemical warfare specialist in the U.S. Air Force.

During much of his career he was employed with the Lion Oil Co., a subsidiary of Monsanto. After three years in its research laboratory he spent 33 years in marketing. During his tenure with the Arkansas commission Wright has assisted in drafting all state legislation on water, air and solid waste pollution, mandatory licensing of treatment plants and operators, a permit system for pollution control activities and the modification of pollution control legislation. The Arkansas commission pioneered in the "basin type" control of water pollution. In 1968 the commission was presented the first federal "Clean Water Commendation" by Interior Secretary Udall. In 1970, it was elevated to a cabinet-level status.

Wright was instrumental in securing passage of legislation making Arkansas one of the first states with a single agency responsible for dealing with all types of pollution problems. He worked closely with the Arkansas Congressional delegation in seeking to establish the U.S. Environmental Protection Agency.

THE TAFT-HARTLEY EXEMPTION FOR NONPROFIT HOSPITALS

Mr. BEALL. Mr. President, recently I had the pleasure of meeting with representatives from the Daughters of Charity of St. Vincent De Paul, a community which was founded in Paris in 1633 to care for the sick and needy of our society. In 1809, Mother Elizabeth Ann Seton established the community in Emmitsburg, Md. Today in the United States they have over 2,000 members and sponsors and staff 34 health facilities across the country with over 11,000 beds. All provinces of the United States were represented at this meeting and I ask unanimous consent that at this point in the RECORD the names of the sisters present be printed in the RECORD.

The sisters were particularly concerned with two issues: the Economic Stabilization Act, which is now no longer an issues, because of the action of the Senate Banking, Housing and Urban Affairs Committee, and, second, the removal of the Taft-Hartley exemption for nonprofit hospitals.

Since this measure will be before the Senate in the near future, I know my colleagues will be particularly interested in their observations, and I, therefore, ask unanimous consent that these observations be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

REPRESENTATIVES OF DAUGHTERS OF CHARITY OF ST. VINCENT DE PAUL, FIVE PROVINCES OF UNITED STATES

Sister Mary Louise Lyons, Counsellor for Health, Emmitsburg Province, Emmitsburg, Maryland 21727.

Sister Teresa Piro, Councillor for Health, Province of the West, Los Altos Hills, California 94022.

Sister Josephine Aitchison, Councillor for Health, West Central Province, St. Louis, Missouri 63121.

Sister John Gabriel McPhee, Councillor for Health, East Central Province, Evansville, Indiana 47715.

Sister Margaret Finnegan, Councillor for Health, Northeast Province, Albany, New York 12204.

Sister Irene Kraus, Administrator, St. Thomas Hospital, Nashville, Tennessee 37203.

Sister Alberta Beckwith, President of the Board of Trustees and Administrator, St. Agnes Hospital, Baltimore, Maryland 21229.

Sister Rosa Daly, President of the Board of Trustees and Administrator, Providence Hospital, Washington, D.C. 20017.

Sister Margaret James Hussey, President of the Board of Trustees and Administrator, Sacred Heart Hospital, Cumberland, Maryland 21502.

Sister Catherine Norton, President of the Board of Trustees and Administrator, St. Vincent's Medical Center, Jacksonville, Florida 32203.

Sister Catherine Sanders, President of the Board of Trustees and Administrator, Sacred Heart Hospital, Pensacola, Florida 32504.

SUMMARY OF CONCERNS OF DAUGHTERS OF CHARITY IN HEALTH CARE FIELD—ECONOMIC STABILIZATION AND THE TAFT-HARTLEY AMENDMENT

Gentlemen: We represent the Daughters of Charity of Saint Vincent de Paul, a Community founded in Paris in 1633 to care for the sick and the needy of society. In 1809, Mother Elizabeth Ann Seton established the Community in Emmitsburg, Maryland. Today in the United States we number over 2,000 members and carry on a variety of works in Health, Education and Welfare. Of particular interest here today is the fact that we sponsor and staff 34 health facilities across the country totaling 11,190 beds. We have labored to serve the sick with efficiency and effectiveness through the years by combining good management with our human concern and personal dedication. We are restricted in the continuation of such service by the legislative box that has been built around the health care industry. Two of the basic issues creating the critical pressures on

hospitals are the topics of our discussion with you:

1. The extension of the Economic Stabilization Act for Health Care alone;

2. The removal of the existing not-for-profit hospital exemption from the Taft-Hartley Act.

Our hospitals are not-for-profit institutions, but even not-for-profit institutions must generate some revenue over expense, if they are going to remain solvent, meet their obligations in justice to employees and plan and provide for new or upgraded services to the public. If federal controls continue, hospitals will be unable to adjust charges upward in line with the increases in prices of supplies, equipment and services which they must buy in order to operate. The little surplus any institution may have will be quickly absorbed and financial troubles compounded. For example, one hospital represented here (and there are certainly others perhaps worse off) showed this picture in its 1973 Annual Financial Report:

Operating Expenses rose 10%.
Salaries increased 9%.
Supplies increased 6%.
General expenses increased 14%.
Gross revenue increased only 4%.

The percent of increase in cost of supplies is lower than would be expected because the Daughters of Charity Hospitals have a shared purchasing program. The contracts were honored during 1973 at former rates, thus reflecting little inflation. Such will not be the case in 1974. As expiration dates of contracts are reached, prices are being raised substantially.

Gross revenue in hospital parlance is a misnomer because a hospital does not in reality recoup "gross costs" since it has contracts with Medicare, Medicaid, and Blue Cross, which do not pay charges but rather what they consider to be "reasonable" costs. The reasonableness factor is also subject to change. Nor does this gross revenue reflect the "charity" element in the financial picture. The price at which hospital services have been purchased by these third party payors for many years has not been adequate to meet the institutions' total financial requirements.

It is apparent that continued regulations aimed at the hospital field alone is not only discriminatory but will eventually cause insolvency. With controls lifted on all other segments of the economy, prices will continue to spiral with some of the increases not being totally felt by hospitals for a year or even longer. Increases in food costs mean concomitant increases in the cost of feeding patients. The utility companies have not changed the rate during 1973, but in January 1974 added substantial surcharges to reflect the increase in the cost of doing their business.

Besides the removal of controls from other industries, a critical shortage of vital supplies is developing which in its turn will force additional increases in prices. Hospitals cannot do without certain metals, phosphates, ammonia, chlorine, petroleum, natural gas and wood pulp, to name only a few. Many disposable products made of plastic are used exclusively in hospitals, and these having a petroleum base are in short supply. Demand exceeds supply and pollution controls have made the production of these materials even more scarce and expensive. Hospitals pay these costs and suffer the anxieties inherent in the shortages.

It is believed that even if the government were able to contain or stabilize the economy, hospitals would continue to feel the worst inflationary pressures in their history far into 1975 and even beyond. It is extremely doubtful that these institutions will be able to hold the rate of inflation within the guidelines of COLC. Inflation will persist as long as controls exist on a portion of the economy.

Furthermore, interest rates have been extremely high during 1973. Hospitals have been affected by this fact also. Several of our own institutions have had to refinance during 1972 and were burdened with a prime rate plus formula. This cost increase hit exceedingly hard with the sharp rise in prime rate during 1973. Some of our hospitals have also had to open "lines of credit" in order to insure meeting payroll and current bills because of the tight cash flow occasioned by long delays in Medicare, Medicaid, and Blue Cross reimbursements.

Many of the myriad regulations at federal and state levels are working against the total purpose of cost controls. Shortening the patient length of stay, brought about by improved utilization patterns and preadmission criteria, may save some money, but the low occupancy raises the daily hospital costs still more. New equipment may reduce unit costs per procedure but often requires more skilled personnel to operate and maintain it. Inspection agencies often direct costly changes in plant, equipment, and procedures. The increased paperwork and manhours necessitated by the multiple forms required to comply with regulatory agencies and reimbursement programs also contribute to a snowball effect on the entire cost picture. The proposed adjustments in Workman's Compensation Laws will double and perhaps triple business costs.

Then, to further compound the problem, the Congress is intent on removing the not-for-profit hospital exemption from the Taft-Hartley Act. With the health field still under controls and unable to raise wages and salaries above the 5.5% ceiling, it is fair game for the labor unions. Forcing unionization on hospitals with all that it implies of strikes, picketing, threats, and work-stoppages of all sorts, is tantamount to placing the nation's sick citizens at the mercy of an attacker (strikers) and at the same time tying the hands of the advocates of the sick (the providers of care). Could anything be more irresponsible at this epoch in history?

In summary, we need your help to turn back the waves that threaten to overwhelm us:

1. fundamental deficiencies and inequities in various existing reimbursement arrangements need correction;

2. hospitals cannot survive under controls in a de-controlled economy;

3. adequate consideration must be given to the need to provide new, improved, or more specialized services;

4. provision must be made so that hospitals will not deplete their cash surpluses, face operating deficits or final bankruptcy.

We respectfully request that you hear our feeble attempts to make an impression of the real crippling effect that the economic stabilization controls have had and will have on the health care offered in this nation if these controls are continued. We also ask that grave consideration be given to the needs of the sick before the existing not-for-profit hospital exemption is removed from the Taft-Hartley Act.

AMENDMENT TO TAFT-HARTLEY ACT

Senator Taft has introduced a new bill (S3088) to remove the existing not-for-profit hospital exemption from the National Labor Relations Act (NLRA or Taft-Hartley).

The bill consists of two main features: (1) a delay procedure before a union can strike a hospital; and (2) a requirement of a ten-day notice before a strike actually occurs. Both of these features are of dubious value to most hospitals. The delay procedures mean just that the hospital will secure a delay before facing a strike; they do not prevent strikes. Other unfavorable aspects of these procedures are the following:

(1) The delayed strike approach is found in the Railway Labor Act. You are aware from reading the newspapers over the last few years that these procedures have been extremely unsuccessful in stopping both rail and airline strikes. In fact, there are several legislative proposals pending which would eliminate this feature from the Railway Labor Act. See Moskow, *National Emergency Disputes*, 24 NYCL 1 (1972).

(2) Most small hospitals will suffer as much as, if not more than, the unions in legal and administrative expenses in delaying the inevitable strike.

(3) If a union is forced to go through these procedures, it is likely that it will exert maximum pressure for increased pay and benefits when the day of reckoning arrives.

(4) Most union contracts are retroactive to the expiration of the prior contracts, thereby eliminating any financial incentive to hospitals in delaying agreement on a new contract.

In a new bill Senator Taft has adopted the proposal of the Department of Labor, that a ten-day notice be provided before a strike or lockout can commence. While this on its face appears reasonable in permitting a hospital to remove patients prior to a strike, the protection is illusory. First, many isolated hospitals are unable to transfer patients. Secondly, even where an individual hospital might be able to transfer patients, a strike aimed at several hospitals would undercut this transfer. Third, a hospital exposes itself to liability for any injury or aggravations caused in the transfer of such patients. Finally, under this procedure, the union can harass the hospital by giving notices of strikes and then cancelling its notice after the hospital has removed its patients. Since there is no limit as to the numebr of ten-day notices which can be given as long as there is a thirty-day interim between notices, the union can repeat this harassment ad infinitum.

In addition to the amendments to the Act in the bill, the report on the bill, but not the bill itself, will deal with other issues as a guide to the NLRB. The report will express concern that bargaining units not be fragmented. It will direct the Board to consider who are supervisors on the basis of their duties and relationship to other employees and not according to job titles or the titles "nurse" or "doctor". It will tell the Board to give priority to all health care cases. It will spell out what hospitals should be allowed to do without union interference in event of a strike, such as moving patients to other hospitals, and what they should not do. Since these directives are not in the bill. the NLRB can ignore them. As for the unit fragmentation problems, the report will not set forth what units it believes should be utilized in a hospital. There is also a misguided and mistaken belief that the Board is currently not fragmenting units for proprietary hospitals, so there is no need for concern by nonprofit hospitals. It is clear from the reference to supervisors that Congress wants the definition of supervisors expanded in part to permit nurses and doctors to be included in bargaining units, where in practice they exercise supervisory responsibility. Such a concession will create dual loyalties among nursing and medical supervisors and will effectively prevent them from assisting administration in keeping a hospital open during a strike. While the protection afforded struck hospitals is certainly a positive gain for hospitals, it would have been better if this protection were in the bill itself. It should be noted that even this protection is meaningless if all the hospitals in an area are struck or if the struck hospital is isolated and cannot transfer patients.

The real objection to Senator Taft's new bill is that it does not provide any real protection against hospital strikes. It also does

not attempt to reshape the Labor Management Relations Act to take into consideration the unique nature of hospitals. Consequently, it is not surprising that all unions in the health care field are supporting Senator Taft's bill. It is also not surprising to see proprietary hospitals supporting the bill since anything they get is better than their present coverage by the Labor Management Relations Act.

This past November Local 1199 called out 50,000 employees in a strike against 33 hospitals in New Yok City. Although the Union was striking against the Cost of Living Council's Rules, unfortunately the patients were the victims of the strike. In December, our local papers were filled with pictures and articles on the strike at the George Washington University Hospital here in the Nation's Capital. Today, there is a strike in San Francisco of some 10,000 employees, including hospital workers, which has been going on since March 6th.

From the above, it seems clearly apparent that protection for patients is needed in any amendment which removes the present exemption in the Labor Management Relation Act for nonprofit hospitals.

The Daughters of Charity are not opposed in any way with labor's right to organize. However, we do feel strongly that hospitals need protection if we are to fulfill our moral and humanitarian obligations of providing uninterrupted lifesaving services.

Interruption, interference or delay in the provision of such lifesaving service is contrary to the public interest and should not be permitted.

Nonprofit, charitable hospitals are exempted from the regulation of the National Labor Relations Act (NLRA) by reason of Section 2(2) of the 1947 Taft-Hartley amendments. The reason for this exemption was summarized by Senator Tydings, who believed that nonprofit hospitals are "beyond the scope of labor management relations in which profit is involved." A distinction was drawn by Congress between the operations of those profit-oriented institutions whose entrepreneurial goal is limited to returning a profit for shareholders and institutions whose sole mission is to cure the physical and mental ills of the suffering and to provide a panoply of medical and social services unavailable elsewhere.

In weighing the right to organize and bargain collectively against the need to maintain unfettered service to the sick and injured in a charitable hospital, Congress ruled in favor of the latter.

UNIQUE POSITION OF NONPROFIT HOSPITALS

Hospitals are not grocery stores, amusement parks, or other enterprises that are regulated by the National Labor Relations Board (NLRB). They are unique enterprises with unique problems which cannot be compared to those of commercial enterprises. Its services make the nonprofit hospital a valuable member of any community, and the community should not, and indeed cannot, afford to be denied these services. The challenge to the nonprofit hospital today is to balance the ever-expanding public demand for community health care and rising operational costs with the need to continue to fairly and adequately reward those who provide the service. Unlike the profit-oriented organizations, the nonprofit hospital's sources of revenue are limited, and it has little or no economic cushion on which to rely. Because of their growing financial strain and the valuable services they provide, nonprofit hospitals should not be subject to the Taft-Hartley provisions.

If hospitals wanted to prevent passage of the bill only to avoid added costs, Congress would be unsympathetic to their plight. Many businesses subject to the Taft-Hartley Act are forced to pay wages and benefits they cannot afford. Many have closed or will close because of unionization. Despite this, Congress has deemed that economic stabilization generally can be achieved only through coverage by the Taft-Hartley Act. A legitimate argument could be made that because of its nonprofit enterprises, this characteristic alone is insufficient to justify an exemption.

But a hospital is concerned with more than mere costs. Its product is health care delivery. Efficient, effective, and timely patient care simply cannot be interrupted. Strikes, picketing, and other methods designed to economically coerce, or to merely disrupt a hospital and its operations, are detrimental to adequate health care. Unlike other profitable businesses, the nonprofit hospital is not equipped financially or otherwise to counter collective bargaining tactics. It cannot, for example, lock out employees, cease service, reschedule, or subcontract its work.

IMPACT OF STRIKES ON HOSPITALS

A strike at a hospital has only two possible effects. If a union is successful, it will force the hospital to concede to what it cannot afford, a concession which affects its ability to continue providing services. If a strike is unsuccessful, it succeeds only in interrupting care, and jeopardizing patients' lives. The nonprofit hospital cannot survive such unpredictable and costly disruptions and still serve the community and the needs of the patients who demand immediate care.

One of the leading hospital unions, Local 1199, has stated that absent the strike weapon, there would be no local 1199, and that it had no intention of giving that weapon up even if it meant violating the law. Thus, hospitals must be prepared for a future of intimidation.

INEFFECTIVENESS OF LABOR MANAGEMENT RELATIONS ACT

Will coverage by the Labor Management Relations Act (LMRA) prevent this type of union pressure? The LMRA limits only certain types of strike activity, such as recognitional strikes, jurisdictional strikes, and secondary boycotts. The Act does not prevent strikes concerning new contracts or grievances. Even when the Act prohibits strikes, a minimum of 14 days, and more likely 30 days, will be required to secure an injunction.

There exists an erroneous belief on the part of some that the present bill would eliminate recognitional strikes in hospitals. However, the Act does not prohibit all recognitional picketing (e.g., where a representation petition has been filed). Even where recognitional picketing is prohibitd, the Act permits a 30-day grace period under which a union can picket without NLRB interference. After the 30-day grace period expires, the NLRB will seek an injunction. The median time for securing an injunction is 12 days. If there are any complex legal problems, this period can run anywhere from 30 to 60 days. Because few hospitals can resist that long, the Act's prohibition against strikes is meaningless. While Taft-Hartley contains a provision restricting (*not* prohibiting) national emergency disputes, few, if any, hospital strikes would come within the ambit of such protection, and even if they qualified, the Act only delays the time in which a union can strike without special legislation being passed by Congress.

No matter what anyone's views are regarding inclusion of nonprofit hospitals within the coverage of the LMRA, all must agree that if legislation were to eliminate the exemption, it would be essential for the legislation to prohibit or reduce strikes in hospitals.

We believe that any bill must contain at least protection against interruption of patient care. While many states have laws prohibiting strikes, most contain sanctions which are ineffectual. This is the situation in New York where unions are repeatedly threatening to strike.

NECESSARY PROVISIONS

For the law to be effective, it must have the following provisions:

First, a health care institution must be allowed to seek an injunction without first having to proceed to the NLRB. This proposal would eliminate the administrative delays of the normal NLRB processes. Under this proposal, a court would be required to grant the restraining order solely upon verification by a party or its attorney that a strike is taking place and without regard to affidavits or testimony. This proposal will allow most strikes to be stopped within a minimum of one working day after they begin. However, the parties would still be permitted to present witnesses or affidavits at a later hearing to obtain a preliminary or permanent injunction.

Second, mandatory fines should be imposed for unlawful work stoppages. Such a procedure should not be taken lightly since it imposes a severe burden on unions. However, the history of labor disputes in health care institutions in states (particularly New York) with "no strike" laws has shown that such laws are usually ineffective because the unions are able to either force institutions to capitulate before the unions are found in contempt or force institutions to waive fines imposed in a contempt proceeding as the price for uninterrupted care following the strike. In fact, the imposition of fines may work to the advantage of union when a militant minority in the union is able to strike without regard to union leadership. By imposing mandatory fines, union leadership might be able to prevent the group from acting unlawfully by convincing them that such an approach could prove costly.

Third, unions should be required to reimburse the hospital and patient for union-caused damages and suffering. In addition, we are in favor of provisions which would cause a union that engages in disruptive tactics to lose its right to engage in collective bargaining for a period of one year, and an employee who participates in such activity to lose his seniority and any benefits based on seniority for the period in which he is on strike. Hopefully, if employees themselves are affected by their unlawful conduct, they will decide that engaging in prohibited activity is not worth the loss of benefits.

Because of the impact of a strike on patient care is the same at all health care institutions, the protections afforded by any bill should be extended to all nongovernmental health care institutions, including proprietary hospitals, convalescent hospitals, nursing homes, extended care facilities, and institutions devoted to the care of the aged.

PROVISION FOR CONTRACTORS

What provision should be made for contractors doing business both at institutions and with institutions? Coverage of the first group is obviously needed. If a union can effectively shut down an operation at a health care institution solely because that operation is not owned by the institution itself, the protections afforded by proposed Acts are meaningless. Every major health care institution today has at least one operation which is performed by a subcontractor. These range from food services and maintenance to such specialties as pharmacy and payroll, and the trend is definitely toward even greater subcontracting of specialties. If the institution cannot provide a key service, whether food or payroll, it will soon cease to function. Even if replacements can be found, it may take days, perhaps weeks, to get them. In the meantime, the juggling of supervisors and other employees to perform these duties must come at the expense of patient care. Accordingly, we proposed that

subcontractors performing work at such institutions be given the same protection granted health care institutions.

The treatment afforded subcontractors and suppliers doing business with a health care institution is only slightly better. While the secondary boycott provision of the present Act prohibits such boycotts, it does not contain procedures for the expeditious issuance of a temporary restraining order and a preliminary injunction against such activity. It makes little difference to the health care institution that it is not receiving essential services because a subcontractor, rather than the institution itself, is faced with a strike, and is unable to operate. Consequently, such subcontractors, insofar as they are victims of secondary boycotts directed toward health care facilities, should be afforded the same protection and remedies as the health care institutions themselves. This proposal would not protect a health care institution from the loss of essential services resulting from a strike by the subcontractor's employees regarding the terms and conditions of their own employment. It is hoped that in this latter situation the union might be amenable to providing services to the institution despite the strike.

ALTERNATIVES TO STRIKING

The right to strike must be substituted by some procedure to insure that legitimate employee grievances are settled. These procedures will depend on whether an amendment would impose an absolute or limited prohibition on the right to strike. If a limited right to strike is given, then the bill should contain: 1. an extended step procedure, consisting of fact finding, voluntary arbitration, final offer vote, and a strike vote, and 2. the right of a state or federal agency to obtain an injunction against the strike if it affects the safety or health of the community in which the institution is located. Because it is our view that all strikes are inconsistent with the moral mandate imposed on a health care institution to continue operations for the benefit of the ill and suffering, we believe there should exist an absolute prohibition against strikes. If an absolute prohibition is adopted, then the only acceptable solution for settlement of disputes is the one that provides for the peaceful, final and binding resolution of all disputes. Since a large number of small health care institutions are unable to engage in any complex and costly procedure for the resolution of strikes, any mechanism adopted must be relatively simple to administer and adaptable to all disputes. While we are receptive to any procedures that accomplish the above objective we propose the following language which we believe might be acceptable to Congress, labor unions, and the hospital:

"A representative designated or selected for the purposes of collective bargaining by the majority of employees in appropriate unit of a health care institution shall negotiate with such health care institution an agreement requiring, without recourse to economic pressure by either party the final and binding resolution of all disputes involving the formulation of a collective bargaining agreement and the interpretation or application of the terms of such. In the event that the parties are unable to reach an accord within a reasonable length of time, either party, or the United States Department of Labor, may petition the district court of the United States for the district where the health care institution is located to provide a method of resolution of such disputes which should be effective immediately and which will continue in force unless and until the parties provide an alternate method."

Any proposed bill also must: provide against the fragmentation of bargaining units; declare that the subject of assignment and scheduling shall not be mandatory subjects of bargaining and restrict organizational activity within the confines of hospitals' property.

CONCLUSION

It is our opinion that no legislation should be enacted which would place nonprofit hospitals under the Taft-Hartley Act until an extensive investigation has been conducted on the possible impact of such changes on patient care. If after such a study, Congress concludes that nonprofit hospitals should be included within the Act, we recommend that the Act be further amended to provide protection against strikes and other disruptive activities.

DEFENSE OF CIVIL SERVICE PERSONNEL

Mr. MOSS. Mr. President, it is an occasional pastime of critics of the Federal Government to take cheap pot shots at the bureaucracy often by quoting some disgruntled civil servant with real or imagined complaints about his employment.

But one rarely hears about the millions of dedicated Government employees who are day after day, year after year, doing their level best to do an honest day's work in the service of their country.

And, contrary to some popular opinion, Government agencies can get things done. I need only to remind you here of the magnificent achievements of the National Aeronautics and Space Administration—a Federal Government bureaucracy—in the recent astounding success of our Skylab program. It was dedicated civil servants, sometimes working virtually around the clock, that turned that program from a possible costly failure into a spectacular success. And do not forget, it was Federal employees, working in harness with men and women in industry and universities, that put men on the moon and brought them back. That is something of which we should all be proud.

Mr. President, Bernard Rosen, Executive Director of the Civil Service Commission, recently wrote a letter to the Washington Star-News praising the countless civil servants "in agency after agency who daily evidence their continuing commitment to serving the American people with quiet competence and honesty." I ask unanimous consent that his letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. CIVIL SERVICE COMMISSION,
Washington, D.C., February 27, 1974.

TO THE EDITOR,
Washington Star-News,
Washington, D.C.

DEAR SIR: Your series on "The Bureaucrats" was a disappointment.

I cannot conceive of what criteria the writer used for selecting the small sampling of Federal employees to spotlight in the series. But the resulting portraits of a work force of scared, spiritless, security-obsessed, time-serving drones just does not square with the character of the people in the Federal service I have observed in Washington and hundreds of Federal establishments throughout the country during my career.

A custodial worker and 20 nurses understandably concerned about their work being contracted out, a disenchanted poverty program worker, an opportunist systems specialist, and a former claims examiner who realized too late that he retired too early are representative of the 300,000 civil servants in the Washington area or their more than 2,000,000 colleagues throughout the country.

In these few cases, I fail to find a basis for concluding that a "malaise" or "winter of discontent" prevail in the career service. There are, of course, bound to be some unmotivated people in a work force of the size of the Federal service—but they are a small percent of the total.

More typical of the Federal work force, I think, are the air traffic controllers, revenue agents, customs, inspectors, social security claims examiners, and able and hardworking employees in hundreds of other occupations who go about thier duties every day as responsible professionals and concerned taxpayers. Or the staff of NASA specialists under Jack Kinzler who almost overnight fashioned the space shield that saved the multi-billion-dollar Skylab mission. Or the 112,000 men and women cited for performing way beyond what could reasonably be expected of them and thus brought an extra $119 million in measureable benefits to the Government last fiscal year. Or the countless others I could cite in agency after agency who daily evidence their continuing commitment to serving the American people with quite competence and honesty.

The Star-News, in my view, missed an opportunity to perform a real public service in reporting on the career civil service as it is, rather than how a few isolated cases of individual disappointment and disenchantment make it seem to be.

Sincerely yours,

BERNARD ROSEN,
Executive Director.

BANNING POLITICAL ENCLOSURES WITH SOCIAL SECURITY CHECKS

Mr. CHURCH. Mr. President, during the past 20 years it has been the custom of Republican and Democratic administrations alike to include announcements with social security benefit increases.

These notices generally suggest that a particular boost in benefits is the result of action taken by the President.

The most recent example occurred this month when an announcement was included with the 7-percent social security increase. That notice said:

> This check includes the first part of the benefit increase which Congress recently passed and the President signed into law. The increase, generally amounting to 11 percent, is being paid in two steps. The first part—7 percent—is included in this check. The second part will be included in the July 3 checks.
>
> You do not have to take any action to get the increase in July. It will be included in your Social Security check automatically.

This practice of making reference to the President or the Congress, it seems to me, serves no useful purpose.

Social security is simply too important to be demeaned in this fashion.

It is a program which now affects almost every family in the United States in one form or another.

For this reason, it is absolutely essential to maintain the integrity of social security and to insure that it is never used for partisan purposes.

On March 11, I introduced legislation—the Social Security Administration Act, S. 3143—which is designed to immunize the program from efforts to politicize it.

Of major importance, S. 3143 would prohibit the mailing of notices which make any reference whatsoever to public officials. This measure would not—and I want to underscore this point—preclude the mailing of notices for legitimate informational purposes by the Social Security Administration.

This proposal has already generated strong support in the Senate and the House. And, I am hopeful that it will soon be enacted into law.

A recent column by Jack Anderson discusses how such announcements can create misleading, erroneous, or partisan impressions.

His article provides further support for legislation to prohibit political enclosures with social security checks.

Mr. President, I commend this news item to my colleagues, and ask unanimous consent that it be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

POLITICAL BENEFITS

When it comes to taking credit for increases in Social Security, President Nixon reaps even where he has not sown. For the fourth time in his administration, a note to accompany April checks will tell the nation's 28 million recipients that Mr. Nixon signed the new bill.

What the President failed to tell them was that he has consistently opposed the increases, mainly on grounds they are inflationary. Actually, the practice isn't new. President Eisenhower started it all back in 1954.

But just because it's a tradition doesn't mean it has the respect of Sen. Frank Church (D-Idaho), chairman of the Special Aging Committee. He is trying to write a ban on the political enclosures into a new Social Security law.

THE GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, I believe that there are three principal reasons for the U.S. Senate to give its advice and consent to the Genocide Convention.

First, the treaty seeks to outlaw a crime that is repugnant to all Americans. We should not pass up any opportunity to affirm our support for principles of international law in which we strongly believe. Historically, we have been committed to the protection of human rights and this treaty is merely a logical extension of our commitment.

Second, our failure to ratify the treaty has proven to be a matter of great embarrassment to our diplomatic personnel. Two former Ambassadors to the United Nations, Arthur Goldberg and Charles Yost, testified before the Subcommittee on Foreign Relations that their job would have been much easier if we had ratified the treaty.

Third, without our support, the development of international law in this important field of human rights will be hindered. International law is dependent upon the consensus of the international community. Without the participation of a major superpower, such as the United States, little progress can be made. While this treaty will not produce miracles, ratification will place us in a better position to object to genocide in other parts of the world. As I pointed out last summer, State Department officers have commented that we would have been in a better position to protest the genocide that occurred in Burundi if we had been a member of this accord. Without the treaty, however, our protests looked feeble and hypocritical.

Mr. President, we have delayed action on the Genocide Treaty far too long. It is imperative that we ratify this humanitarian treaty now.

DAIRY FARMERS DESERVE BETTER

Mr. DOLE. Mr. President, these are difficult days for the Nation's dairy farmers. Many of them are going out of business at a time when the Nation needs more dairy products. Today in Kansas, for example, there are 10,000 fewer dairy cows than there were last year, and there are now 22,000 fewer cows than there were just 2 years ago.

Feed costs have been going up sharply. Taxes have been increasing. Gasoline and other fuels along with fertilizers, wages, and the other fixed costs of this form of highly capitalized livestock production enterprise are rising dramatically. In short, inflation is hurting many dairy producers.

Yet, in spite of the existence of these problems and in spite of the awareness of these problems by many persons involved in public life today, there seems to be little sympathetic response to those problems from Washington.

Why?

A basic reason is because m-i-l-k has become a four-letter word in Washington politics.

Almost daily the Nation's media carry a story about campaign gifts, about antitrust suits, about farm organization litigation, about bulging political kitties held by dairy co-ops, about indictments, and grand jury testimony.

Is it any wonder that many public officials, the press, and the public at large, question whether there is any national good involved in advocacy for higher Government supports on manufacturing milk, for greater restrictions on imported dairy products, and for higher prices to be fixed under Federal milk orders?

ULTIMATE DANGER TO CONSUMER

While such reactions may be understandable, such actions are dangerous to the well-being of millions of American consumers and unfair to thousands of dairly farmers.

It is becoming more and more difficult to support the legitimate welfare of our dairy industry in the current Washington climate without creating the impression that such support is a direct result of generous political contributions.

DAIRY PROGRAMS DESERVE SUPPORT

I believe that notwithstanding such difficulties, real or imagined, dairy farmers need help.

That is why I sponsored the amendment to last year's farm bill to increase the manufacturing milk support level from 75 to 80 percent of parity, the level which is currently in effect.

That is why I have opposed and will continue to oppose price controls on dairy products and excessive dairy imports.

That is why I support efforts to provide the necessary incentives for dairy farmers to produce and market milk efficiently and profitably.

Unless we provide proper incentives to our dairy farmers, milk production will continue to drop and our consumers will suffer the results of this neglect. Consumers deserve an ample, convenient supply of top quality milk and dairy products.

I shall continue to support those dairy proposals which, in my opinion, are in the best interest of dairy farmers in Kansas and the Nation, as well as in the interest of the consumer.

Put simply, this great industry and those who make it so are much too important to allow it to suffer unjustly because of inference and innuendo concerning political campaign practices. I am confident that leaders of the dairy industry will take whatever corrective action necessary in this area.

MEDICARE AND THE PROPOSED COMPREHENSIVE HEALTH INSURANCE PLAN

Mr. MUSKIE. Mr. President, the Senate Committee on Aging's Subcommittee on Health of the Elderly, of which I am chairman, held hearings on March 12 and 13 to examine the effect of the administration's proposed new comprehensive health insurance plan—CHIP—on health care for older Americans. That plan is only one of the national health insurance proposals Congress will be examining this year, and our hearing addressed only some of the questions that must be answered in this evaluation process. But the information we did receive suggested that the administration plan would not meet the needs of the elderly.

Our hearings showed that although CHIP would offer some improvements over earlier proposals, it would create an unwieldy and perhaps unworkable apparatus which would impose increased health care costs on most elderly Americans while failing to guarantee needed improvements in the kinds of health care they receive. The increased costs would come in the form of "cost sharing"—in other words, higher deductibles and coinsurance. And the benefit increases included in the plan, while helpful to some of the elderly, would still not cover many of the health needs of most of our senior citizens.

The testimony of Nelson Cruikshank, president of the National Council of Senior Citizens, summed up CHIP very well by saying it seems to "take a lot from a great many in order to give a few people very little."

The witnesses who testified at our hearing were most concerned about the additional cost-sharing charges that would be imposed on medicare beneficiaries, particularly the 20-percent coinsurance charges at the beginning of a hospital stay. CHIP would provide coverage of hospital and medical costs combined, but with a deductible of $100, plus a coinsurance charge of 20 percent. Under the administration's proposal, out-

of-pocket hospital charges to patients for an average hospital stay of 12 days at $110 per day, for example, could rise from the current $84 to $342. Thus, out-of-pocket health costs for many of the elderly would be increased beyond their already high levels.

Secretary Caspar Weinberger of the Department of Health, Education, and Welfare, who testified before the subcommittee in defense of the administration plan, justified this increased cost sharing by saying it would bring about "cost consciousness" on the part of the patient and cut down on "overutilization" of health care services. But we examined that same argument last year in hearings on the administration's previous proposal to increase medicare charges. And we found that evidence available at that time suggested that cost-consciousness would only decrease utilization when it put health care beyond the financial reach of the patient. Secretary Weinberger produced no new evidence to dispute that conclusion, and our other witnesses persuasively challenged his argument.

One witness, Melvin Glasser of the United Auto Workers, pointed out the basic weakness of the cost sharing argument. He said:

These claims ignore the basic fact that approximately 80 percent of all health care costs are controlled today by physicians, not consumers. They place people in hospitals and nursing homes and discharge them; they order prescription drugs and no one else can. Further, it is exceedingly naive to suggest that consumers have free choice to shop among physicians or hospitals to choose the best at the lowest price. Those who make such assertions have not tried to do so.

Representatives from the American Association of Retired Persons-Retired Teachers Association—AARP-RTA—also addressed this issue and said that the "overworked contention" that rising health costs are due to overutilization is a myth. They said the administration's bill would probably exacerbate the problem of rising costs because it leaves reimbursement procedures and standards to the uncontrolled discretion of the Secretary and the States.

Although CHIP has no built-in provision for controlling rising costs, it does have built-in provisions for increased charges and for increasing these charges as costs rise. The AARP-RTA witnesses also gave useful testimony about their own health insurance proposal.

So our hearings showed that the increased cost-sharing provisions under CHIP would raise the out-of-pocket health costs for many of the elderly compared to medicare as it exists today. This conclusion alone indicates that the administration plan would be a step backward.

Our witnesses were also concerned about the provisions of CHIP relating to the low-income elderly. For those who qualify under an income test, CHIP would provide a system of lower cost-sharing charges. This would replace the current system where medicaid is used as a supplement to medicare for the needy aged, since medicaid would be abolished except for a residual long-term care program. And even though the administration plan would reduce charges for the low-income aged, it is likely that CHIP would be more costly for many of them compared with medicare supplemented by medicaid.

For example, CHIP would include a 10-percent coinsurance charge for persons with incomes of $1,749 or less. All of the proposed charges and income categories are given in the following table:

COST-SHARING FOR MEDICARE BENEFICIARIES UNDER COMPREHENSIVE HEALTH INSURANCE PLAN (PER PERSON)

Annual income (single person)	Premium	Deductible		Coinsurance (percent)	Maximum liability (exclusive of premium)
		Drugs	Other		
I. 0 to $1,749	0	0	0	10	6 percent of income (to $105).
II. $1,750 to $3,499	0	$25	$50	15	9 percent of income (to $315).
III. $3,500 to $5,249	[1] $90	50	100	20	12 percent of income (to $630).
IV. $5,250 to $6,999	90	50	100	20	$750.
V. $7,000 plus	90	50	100	20	$750.

[1] Estimated by Administration.

Persons in income categories I and II—with incomes up to $3,499—are now eligible for medicaid, which not only covers almost all costs including medicare charges, but in many States also provides for coverage of items such as hearing aids and eyeglasses. These items will not be covered under the new proposal.

HEW Secretary Caspar W. Weinberger suggested the answer to that comparison in his testimony that—

The loss of some benefits by some current Medicaid eligibles is inevitable.

He explained that—

Services which are currently covered under many State Medicaid programs but which will not be covered under CHIP or the residual Medicaid program includes dentures, adult dental services, hearing aids and eyeglasses for adults.

While the Secretary added that he believes that the States will continue to provide these services, he gave no indication that the Federal Government would continue to provide States with funds for these benefits—and it is unlikely that the States could make up the difference from their own revenues.

Nelson Cruikshank made another important point about the low-income assistance provisions of CHIP—that it would change the nature of the medicare program:

The main reason for the enactment of Medicare was to give to the elderly, most of whom are retired, the same basic protection against the costs of illness and the indignity of a means test that was enjoyed by most people in the working age group. The Nixon proposal flies in the face of this insurance concept and in its place offers certain protections which rest on proof of low income. Thus it would substitute the principle of welfare for the sound and proven principle of social insurance with entitlement as a right based on contributions made during the beneficiary's working years.

In addition to the cost-sharing and low-income provisions, CHIP includes some improvements in medicare: coverage of catastrophic illness, coverage of out-of-hospital prescription drugs, and an improved mental health coverage. While these improvements are worthwhile, our witnesses pointed out that they would not provide a great deal of benefit for most of the elderly.

Catastrophic hospital and medical coverage under CHIP would provide protection against large health costs only after initial payment of deductibles and coinsurance charges. But there is no provision for coverage of catastrophic illnesses that require long-term care in a skilled nursing home, an intermediate care facility, or in the home. The catastrophic provisions are needed, but they would give additional help only to a small number of the elderly compared to present medicare coverage.

CHIP would also provide some coverage of out-of-hospital prescription drugs, an improvement in medicare which is long overdue. But the value of the proposed coverage is limited by the imposition of a $50 per person deductible, and by coinsurance charges. And it was not clear how this benefit would be administered.

CHIP would also change medicare's coverage of mental health. CHIP would cover 30 days of hospitalization or 60 days of partial hospitalization, instead of the present medicare lifetime limit of 190 hospital days. This would adversely affect those elderly persons who suffer a mental illness requiring long hospitalization. But on an outpatient basis, CHIP would provide 30 visits to a comprehensive community care center or not over 15 visits to a private practitioner. This is some improvement over the present dollar limit for doctor visits of $250 per year.

Some existing medicare benefits, however, would be reduced. Home care coverage, in fact, would be reduced from the present 200 visits under medicare parts A and B to only 100 visits under CHIP, and a coinsurance charge would be added. Posthospital extended care would be limited to 100 days per year as compared to the present provision of 100 days per benefit period or "spell of illness," under which it is now possible to

have more than one benefit period a year. In general, long-term care outside of a hospital is left to a residual medicaid program which would benefit only the low-income aged.

In addition, the administration of the program raises many problems, including its implementaton by the States. If some States do not choose to pass enabling legislation, there could be two medicare programs—an "old" medicare program in one State and a "new" medicare program in another. Aged persons who moved from State to State might find their eligibility rights changed or even questioned. Witnesses from the AARP even suggested that this would raise constitutional questions.

Mr. President, the testimony which I received at these 2 days of hearings has convinced me that the administration's proposal will not adequately improve medicare. Although the current medicare program now pays for only 40 percent of an aged person's health bill, it does provide important protection for the aged—particularly for short-term hospital stays. This protection must not be diluted by the imposition of added charges which will shift an even higher proportion of health costs to retirement incomes.

And the differences and inequities now existing in the Federal-State medicaid program would not be improved by uniformly reducing the number of health services which would receive Federal funds. To the needy aged who now receive dental care and eyeglasses and other health aids from medicaid, these services mean, in the words of one of our witnesses, the differences between a "decent life and a living death."

We certainly cannot expect immediately to legislate a program which will take care of all the deficiencies in our medicare and medicaid programs, but the administration's proposal not only provides little improvement but would worsen health coverage for many elderly Americans. This renders invalid any claim for overall superior coverage by this proposal.

GROWING TYRANNY OF GOVERNMENT PAPERWORK

Mr. COTTON. Mr. President, my friend and able colleague, the distinguished Senator from New Hampshire, Mr. MCINTYRE, has long been active in the field of small business, making full use of the staff and facilities of his Select Small Business Subcommittee to develop the facts and devise remedies for many of the problems and harassments that handicap that backbone of America—the small businessman. Senator MCINTYRE has his full share of that rare commodity which we in New England call commonsense and he hates redtape. He has been more and more incensed as extensive hearings which he has conducted reveal that each year the Federal Government generates enough paperwork "to fill Yankee Stadium from the playing field to the top of the stands 51 times."

In the April issue of Reader's Digest Senator MCINTYRE has written a challenging article on the ever-mounting piles of Government paperwork that are smothering small business. The shocking facts he so pungently presents merit the attention of every Member of Congress, and I ask unanimous consent that it be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the April Reader's Digest]

THE GROWING TYRANNY OF GOVERNMENT PAPERWORK

(By Senator THOMAS MCINTYRE)

In Franklin County, North Carolina, the owner of a small grocery store-service station picks up his mail and snorts in disgust: "More damn forms for Uncle Sam!" By the end of April, he and his wife will have had to fill out 39 government reports since the first of the year—more than two a week. They include, of course, the federal income-tax return (complete with schedules A, C, F and SE).

But there are dozens of others. For the Department of Agriculture, a list of prices charged farmers for supplies and services. For the Census Bureau, a detailed breakdown of cash and credit sales. For the Labor Department, an "Occupational Injuries and Illness Survey." Putting in long hours compiling what he considers useless information, the young businessman is angry. "Who am I working for—me or some bureaucrat?"

Frustrated and embittered, he is not alone. Down the road, a farmer must fill out forms giving the Bureau of Labor Statistics the same data he has already provided to the Internal Revenue Service. Additionally, the Labor Department wants a "Report on Occupational Employment"; Agriculture has to know the price of everything from seed to tractor fuel; and the Census Bureau demands a detailed analysis of his fertilizer. "I'm supposed to be a farmer," he says wearily, "not some kind of professional record-keeper."

As these examples demonstrate, federal paperwork is mushrooming wildly. Each year, Washington generates more than two billion pieces of paper—ten different forms for every man, woman and child in the country and enough to fill Yankee Stadium from the playing field to the top of the stands 51 times. It costs taxpayers $18 billion to print, sort and file those two billion forms. And it costs businessmen another $18 billion to fill out and return them. What we are talking about then is $36 billion.

Over the past two years, the Senate Select Small Business Subcommittee, of which I am chairman, has held extensive hearings on what the Chicago *Tribune* calls "strangulation in triplicate." Witness after witness echoed the sentiments of Edwin Chertok, president of a Laconia, N.H., furniture store: "Small businessmen are being buried in a landslide of paperwork. For many, paper pollution will spell disaster and force them out of business."

The fact is that needless and duplicative paperwork is diverting small businessmen from their primary function: serving the public, providing jobs, making profits, paying taxes. Thus, a Tennessee contractor writes that his firm must spend "one fourth of its management effort producing mostly worthless documents to further inundate government files." The owners of a small New England restaurant that grossed $30,000 had to pay a certified public accountant $820 last year to fill out 52 federal forms and reports, work that only a professional could hope to complete accurately.

The owner of a small New Hampshire print shop told me: "It's just not worth it. Coming in every Saturday and Sunday to fill out forms for Washington. We're ready to chuck it." And when he does, six more people will be out of work. Subcommittee investigators have heard dozens of similar victims of government paperwork. Frustrated by red tape and petty regulations, an Iowa poultryman tells me that he shut down his $250,000-a-year operation. And the president of a small Midwest feeder airline laid off 80 of his 85 employees.

One does not have to be a professional economist to see that the federal paperwork burden is sapping the strength of our economy. Equally dismaying, however, is the wedge that red tape drives between government and its people.

Consider the case of Al Rock, general manager of a small 5000-watt radio station in Nashua, N.H. Federal Communications Commission regulations place on him the same burden they do on a multi-million-dollar radio outlet in New York or Los Angeles. Thus, when the station's license came up for renewal Rock and another full-time employe had to spend four months filling out a 45-pound application, and personally interviewing 100 people. Rock also had to provide a minute-by-minute analysis of a typical week's programming. "I don't object to reapplying for a license," he says. "But don't you think we could provide better service to the community if we weren't bogged down with trivia like this?" I cannot disagree.

There is hardly a federal department or agency that is not guilty of excessive paperwork demands. But the biggest offender is the Internal Revenue Service—with 13,745 different forms and form letters. The secretary-treasurer of an engineering company in Amesbury, Mass., was typical of dozens of witnesses before our subcommittee: "We find it impossible to keep up with everchanging rules and regulations concerning taxes and filing requirements. We are by no means unique, but we have to make 70 filings or payments a year—some weekly, some quarterly, some annually."

Year after year, these reports increase. The IRS *Tax Guide for Small Business* takes 24 hours to read and digest. In 1970, it listed 30 forms that most businessmen had to fill out; this year that number reached 85. For millions of businessmen these forms are gobbledygook. As the IRS itself admits, "A taxpayer will probably have to read at the level of the average college graduate to be able to comprehend all the tax instructions." Moreover, there is considerable evidence that not even IRS employes can fathom the instructions. A *Wall Street Journal* reporter, posing as a businessman, visited five different IRS offices to ask advice on his taxes. Result: five widely divergent verdicts on what he owed.

We in Congress must share the blame for saddling the nation's small businessmen with onerous forms and reports, however. In our desire to improve the health, education and welfare of our fellow citizens, we pass high-sounding bill after high-sounding bill—from the truth in Lending Act to the Clean Poultry Act to the Consumer Products Safety Act. Rarely do we pause to consider the ramifications of our legislation.

The Occupational Health and Safety Act, enacted with noble purpose, is an example. Few of us who passed that bill realized that we were giving federal bureaucrats the power to hand down sweeping, often unintelligible, regulations. Sample: "Exit is that portion of a means of egress which is separated from all other spaces of the building or structure by construction or equipment as required in this subpart to provide a protected way of travel to the exit discharge." A Chicago businessman was forced to pay outside consultants $1,800 to interpret such regulations, and even they were unsure. And throughout the country thousands of general contractors have learned they will have to spend $6,000 for a complete set of government guidelines spelling out their responsibilities under the new act. The accumulated documents stacked one on top of another reach 17 feet high!

No one seriously suggests the elimination of all government paperwork. But we can reduce waste, duplication and complexity. Congress recognized this more than three decades ago. In 1942, it passed the Federal Reports Act, directing the Bureau of the Budget (now the Office of Management and Budget—OMB) to conduct a continuing program to coordinate and eliminate repetitive and outdated forms.

The Act has simply been ignored. If a contractor works for five different government agencies, he must submit to all five detailed reports demonstrating compliance with the Equal Employment Opportunity statute. That law has been on the books since 1964. But the government has yet to provide businessmen the first system for coordinating reports to these agencies.

After lengthy hearings, I have drafted legislation to deal with the paperwork crisis. One bill, S. 1812, would take away from OMB the job of administering the Federal Reports Act, and give it to the General Accounting Office, the Congressional watchdog that monitors government spending. It would also bring the now-exempt IRS under the Reports Act. This is necessary because the IRS has adamantly refused to take steps to cut down on paperwork. IRS form 941—which employers must fill out quarterly to report their income tax and Social Security withholding—is a case in point. Another bill I have introduced, S. 2445, would replace these quarterly filings with an annual system, eliminating some 12 million unneeded forms each year. This simple step would save business and government hundreds of millions of dollars a year.

A third bill, S. 200, would force Congress to take the lead in battling federal red tape. As one businessman told our subcommittee: "Congress should see to it that no bill is reported to the floor for action unless there has been full consideration in committee of the paperwork burden it would cause." S. 200 would do just that—and none too soon. By the OMB's own conservative estimate, the reporting burden that government imposes on its citizens increased 23 percent in one recent nine-month period. At that rate, paperwork will double in less than three years and quadruple in five.

Passage of these bills will do more than hack away at the mountains of government paper. It will, for the first time in three decades, ally Congress *with* the people and *against* the faceless bureaucrats who are making their lives miserable. It's about time.

TO BETTER THE LIFE OF OUR CITIZENS

Mr. MOSS. Mr. President, in these days of inflated prices before which even the rich are beginning to quail, something must be done for those elderly and disabled persons who live on fixed incomes.

There is a thoughtful editorial on this subject in the April 6 issue of Saturday Review World and I ask unanimous consent that the editorial be printed in the RECORD for the benefit of the Senate.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

A NEW LOOK AT WELFARE

To most Americans *welfare* is a dirty word. It connotes wangling and weaseling for public dollars. It has been made to seem that our welfare system is somehow at odds with the national character. This attitude unquestionably reflects the American tradition—in most respects a sound one—that people should look after themselves. We tend, however, to take a stereotyped view of welfare as a system in which lazy loafers who refuse to work are supported by those who do. Naturally, everyone dislikes paying hard-earned money for taxes that maintain spurious projects.

Europeans, from the time of Bismarck in the mid-nineteenth century, have accepted the ultimate responsibility of the State for the well-being of its people. Americans, I believe, see the magnitude and complexity of the welfare problem, but many tend to look at welfare astigmatically, distortedly—from one side only.

Like everyone else, I naturally oppose giving welfare to those who don't need it and to those who refuse to work. With 25 million Americans living below the officials "poverty level," and unemployment at 5.2 percent in January and going up—it is not surprising that at last report, 14,700,000 Americans were receiving $1,782,000,000 a month in welfare. Of those, however, 73 percent comprised the aged, the infirm, and dependent children. But I also question severely the easy assumption that many able-bodied people prefer idleness to work. A few years ago this question was investigated thoroughly by a blue-ribbon Commission on Income Maintenance Programs, chaired by a hard-headed Chicago industrialist, Ben Heineman. The Heineman panel concluded that people do work if the opportunity is available. Apart from the few unfortunate misfits of modern society, when able-bodied people are not working, the reason is usually that they cannot find a job.

Cheating is reprehensible, particularly when it's done with public money. However, there is, I believe, a tendency to magnify cheating on welfare. Even though businessmen occasionally cheat on taxes, no one is advocating abolition of the free-enterprise system. Let's eliminate the cheating—but not welfare.

I would like, therefore, to propose another way of looking at welfare. As we seek to improve it, why can't we view it with pride as we would our local United Givers Fund or any other community undertaking that enlists our social zeal? Why don't we think in terms of the indispensable role welfare plays in helping the elderly couple around the corner who have lost their pension through no fault of their own or the mother whose husband has died and who has children to support? Why do we always have to look at it in terms of cheaters? Why can't we take deep satisfaction in being citizens of a country that is compassionately concerned for its people?

Certainly, we must tighten up the regulations. At the same time, however, we must devise a better way than now exists for helping those who *need* help. Setting national standards for welfare levels and for competence in administration is one example. Providing aid to the working poor is another, and it is long overdue. Many who work a full week just don't earn enough to support their families.

It is to President Nixon's credit that early in his first administration he launched a far-reaching welfare-reform program called the Family Assistance Plan. The Committee for Economic Development, a top-level business group, strongly supported the program. The plan provided a $2400 minimum for a family of four, a figure which at that time was exceeded only in the wealthy states. The plan also provided for aid to the working poor. The program passed the House but was defeated by deep-seated opposition in the Senate Banking and Currency Committee. Why? Partly over disagreement on the legitimate issue of work incentives but also because the plan suffered for want of sustained White House interest. One can only hope that the recent introduction of the Federal Supplemental Security Income Program for establishing an income floor for the aged and disabled presages a new interest in welfare by the administration.

Like national defense, welfare should be a matter beyond party. Politics and human suffering don't go together. Welfare is not the beginning but the end of efforts to better the lot of our citizens. We must start with full-employment efforts, an adequate minimum wage, unemployment and health insurance, and social security—which are not gifts but come largely from contributions by employers and employees.

At the same time, let's also decide as a nation that we intend to do the right thing by those who—after all these assists—still need help. And let's decide that in extending such help, we will be generous and will not wince if it's called welfare.—GEORGE C. MCGHEE.

GROWING WITH AGE

Mr. CHURCH. Mr. President, the Senate Committee on Aging must, of necessity, pay close attention to economic problems affecting older Americans. Issues such as inflation and problems related to health care deserve—and receive—committee concern and action.

The committee must also be aware of attitudes toward aging, especially when those attitudes affect public policy and the well-being of aged and aging persons. For example, age discrimination in employment still persists despite a law dating back to 1967 and solid evidence that older workers can be invaluable to employers.

Attitudes also play a major role in the individual's own feeling of self-worth as the years go by. For women, in particular, the later years of life often bring new evaluations of her role in life. As a person whose offspring now may have youngsters of their own, a woman may begin to think about resuming or beginning a career; or she may simply question the role in life she has maintained through middle age. This questioning can be healthy; often, however, it is blighted in the judgment—by herself or by others—that she's "too old" for new beginnings.

An article in the March 31 Washington Post by Sharon Curtin, the author of "Nobody Ever Died of Old Age" discusses the impact of aging among women and makes several important points. She reports:

The older women (in our society) in particular, have been considered a less than human creature, a figure both gray and fuzzy around the edges. If young women were forced into an acceptance of second-class citizenship, old women were forced to fade completely out of the picture. Now it is as if older women are just beginning to become visible as active and respected members of their communities.

The article discusses the work of Maggie Kuhn and others now working toward growth in old age, rather than submergence. Such encouraging developments deserve recognition, and I ask unanimous consent that the article be printed in this RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Mar. 31, 1974]

CONTINUING TO GROW WITH OLD AGE

(By Sharon Curtin)

Simone de Beauvoir once wrote that she had "never met a single woman, either in life or in books, who viewed her old age cheerfully."

The women's movement, through a proc-

ess of education and continuing struggle, is beginning to change the way all women view themselves and each other. It seems possible that even though the physical process of aging is irreversible, older women need not accept the picture of themselves as useless, unattractive, dependent and devoid of intelligent thought. As we grow in understanding ourselves as women, we begin to change our view of all the stages of life.

Life has always been harder on the aging woman than on the young. Our culture reserves rewards and hopes for the youthful woman.

When you are 20, you may dream of a job, a career, the chance to become the kind of person you want to be; when you are old and dreams fade, you see only that the promises were false. In the early days of the women's movement, it sometimes seemed that liberation was possible for the young—that the questions we asked and the demands we made were pertinent only for women with their life before them. As the movement broadened, women began to understand that the problems cut across lines of age, race and class.

The predicament of the aging woman—from 40 on—is the product of a culture that provides her with few defenses as she grows older; the things, real and illusory, that sustained her during her earlier years are swept away. Usually a woman entering middle age gave up early career ambitions and married. Sometimes she held on to the idea that someday, after the children no longer need her, she could return to her original hopes for herself.

As the years pass, and she raises her children and copes with her marriage, it becomes ever clearer that early ambitions will not be realized. This loss of hope is accompanied by the fact that she has no training in keeping herself, her idea of self, alive.

As a woman ages she realizes how very difficult it is to change a lifelong degree of economic, intellectual and emotional poverty. Given so few resources when young, an impoverished old age becomes more likely.

THE DESPAIR OF MOTHERS

Women have suffered from the lack of opportunity to develop themselves, to learn skills and explore possibilities, to function, grow, have a career. We live in a social system which is increasingly forceful in forming the kind of person it requires to survive.

For a woman, the socially acceptable role has been one of renunciation. She is programed to give it all up for husband and children.

I sometimes think that the women's movement was born out of the despair of our mothers; we did not need to look far to find the result of a passive acquiescence in the roles designed for women.

For myself, as least, this is true. My mother always dreamed of a career as an artist; instead she had seven children and on her face I could see, if not bitterness, a sense of loss. During my early experiences in the women's movement I felt contemptuous of older women. This changed as understanding grew. The fruit of beginning to love ourselves is that we also learned to love and understand our mothers.

My mother is 60 years old. A few years ago, she decided to find a job. Although she would probably deny that she is in any way influenced by the women's movement, her ability to move out of the role of "housewife" is certainly an example of the impetus of the movement on women who are neither politically active nor particularly liberated. She feels comfortable working now and 10 years ago it would not have been possible.

She continues to change in hundreds of small ways and is continuing to benefit from the actions of her more militant sisters. Her new freedom also has made it possible for us to be closer, as together we begin to understand the importance of independence. At an age when most workers are thinking of retirement, my mother is just beginning to think of a career.

TOP OF THE CLASS

One woman refusing to accept the judgment that "you're too old for this" passes on the strength of her action to us all.

For example, I know a woman, 63 years old, who wanted to "better herself" by becoming a nurse. She was refused admission to her local community college on the grounds she was too old. No one told her she was too stupid or too weak or too unhealthy to do the academic and clinical work required; they just felt she was too old to enter a new profession and that education was better reserved for the young.

"It made my blood boil," she told me. "Here those people were, sitting at their desks, insisting that I wasn't capable of doing work I had done all my life—taking care of people. I wanted to learn how to do it better that's all. It wasn't that women haven't been doing the job always, it was just that I needed to grow a little. So I decided I must have some rights and I began agitating."

She wrote letters to local politicians, contacted the State Human Rights Commission, got recommendations from local people she had cared for in an informal capacity, had a complete physical checkup to make sure she could do the work. She was finally admitted to the nursing school and has completed her first semester at the top of her class.

There are millions of women like my friend and my mother, older women who are beginning to demand a chance to contribute more to their communities and the recognition and respect they deserve for the jobs they have always done.

The older woman (in our society) in particular has been considered a less than human creature a figure both gray and fuzzy around the edges. If young women were forced into an acceptance of second-class citizenship, old women were forced to fade completely out of the picture. Now it is as if older women are just beginning to become visible as active and respected members of their communities.

GRAY PANTHERS

In July, 1973, I met a woman who profoundly changed the way I view my own aging. Her name is Maggie Kuhn and she is a cofounder of the Gray Panthers, a national militant organization of older Americans. We were appearing before a Senate committee investigating health barriers to older Americans.

I was impressed by her energy, her intelligence, her beauty and her humor; so impressed, in fact, that after the meeting I gushed like a rock groupie. And Maggie looked me in the eye and told me I should know better, that she was not unusual.

"We have hundreds of members, most of them women, and all of them active, capable human beings. Don't think I'm special just because I happen to be here today. Women, particularly older women, have always provided the social conscience in the United States."

Maggie Kuhn is perfectly correct: I know many women like her. It is just that I was bogged down in a cultural attitude toward older women that is both ignorant and oppressive. It is easier to assume that someone like Maggie is extraordinary than it is to accept the fact that women, as they age, continue to be productive human beings. It is also easier not to accept older women as sisters, as if that would retard my own aging process.

As women develop a consciousness of their sisterhood, they begin to realize how harshly our society deals with the aging woman. For myself, this has meant an increasing awareness of the ways our society withdraws support from people as they grow older.

For example, every woman I talk to complains about the treatment she receives from the health professional. But older women suffer most of all; doctors are generally unresponsive to the health needs of the elder woman, refusing to help her understand her aging process and depreciating her complaints. The aging woman is a joke or a nuisance; she is caught between not wanting to be a whiner and a real need to understand what is going on with her body.

JUST ANOTHER STAGE

Now, perhaps, for the first time there is an increasing acceptance of the lifelong sensuality of human beings, and more women are discovering the job of being loving, feeling, active human beings throughout their entire life. I think this is one of the most important effects of the women's movement on older women.

As women change as individuals, they are beginning to move for changes in the larger society. The actions of women in groups such as Older Women's Liberation and the Gray Panthers are beginning to weaken the discriminatory social and economic structure that oppresses all old people.

They are active in the move to increase and equalize Social Security benefits. They want to see an end to the crazy patchwork of our private pension plan structure. They demand more and better employment opportunities for older women particularly women entering the job market after years of raising a family. In a society that is neither imaginative enough nor generous enough to provide full employment, women are promoting the idea of new careers in community service.

Of course, the struggle is just beginning. But women like Maggie Kuhn and the nursing student and my mother are providing an inspiration and an example. Someday we may be able to view our old age cheerfully and happily as just another stage.

PRESIDENT NIXON

Mr. FANNIN. Mr. President, the Nixon administration is under microscopic examination by the press, by the courts, and by the Congress.

President Nixon has provided extraordinary cooperation in providing documents and opening his files to the Special Prosecutor and to House investigators.

No other administration in the history of our country has laid itself open to such examination.

President Nixon has yielded a great deal—much more than the Constitution, our laws, or tradition would require.

He put his disputed income tax in the hands of the Internal Revenue Service and the Joint Committee on Internal Revenue Taxation. He agreed—at his own initiative—to abide by the decision of these bodies, and now he has ordered this enormous tax paid. Any other citizen of our Nation would have had the right, and almost certainly would have exercised the right, to carry the case through channels of appeal. Attorneys tell me that on appeal he might well have won reversal of committee and IRS decisions. These are, after all, not judicial bodies which made the calculations.

President Nixon felt that there was a need to settle this issue quickly even if it resulted in great cost to himself. So he sacrificed his constitutional rights, and the cost was high.

In reading the papers and watching

television, we are sometimes led to believe that our Government has been paralyzed and that the United States is in shambles.

There may be some hysteria here on Capitol Hill, but I do not believe that our Government is in chaos—not by any stretch of the imagination. One must wonder how some previous administrations might have reacted were they put in the fish bowl that the Nixon administration is in.

Despite the mighty effort being made to bring down the administration, President Nixon is continuing to give us strong and steady leadership.

The domestic programs he is proposing are sound. It is the Congress which is floundering through its attempts to pass legislation that would be extremely detrimental to our national future. It is the administration that has been providing sound counsel and has been acting as a backstop to provide stability in recent times of crisis.

During the recess in January it was my good fortune to visit some of the nations in the Mideast and North Africa. There I found almost universal admiration for President Nixon. The leaders of nations in this troubled part of the world told me they had great faith that President Nixon could bring a fair settlement of the Arab-Israeli dispute and that he was their hope to keep world peace.

Time after time we have seen President Nixon win the respect and cooperation of the leaders of other nations which have in the past been hostile to the United States.

It is a tragedy that this man who is so highly respected around the world should be treated with so much hostility in his own Capital.

President Nixon continues to have my support as he seeks to accomplish the great goals he has established for domestic prosperity and world peace.

THE RIGHT OF ALL CHILDREN TO LEARN: FOLLOW THROUGH APPROPRIATIONS MUST BE CONTINUED

Mr. HUMPHREY. Mr. President, I am happy to announce that I am joining in sponsoring an amendment which will restore $20 million to one of the most important children's programs that the Federal Government is involved in—the Follow Through program. I sincerely hope that a majority of my colleagues will see fit to support this proposed amendment to the supplemental appropriations bill so that this most worthy program will not be allowed to die.

The Follow Through program helps carry out one of the greatest responsibilities we have in this country—that of insuring adequate education of our youth. We have much to be proud of in our educational system. Our schools have turned out the brightest, most intelligent, and most well-informed generation in this Nation's history.

But we also have much to be ashamed of. Not everyone has had an equal chance to achieve success. Children from low-income families often have been failed in school because school programs are geared too often to achievement standards that reflect an entirely different socioeconomic context. These children from the inner city or Appalachia and other poor rural areas may have their own rich cultural backgrounds, yet they, in some cases, have been failed because those cultures are not those programed into their school curriculum. The children who are failed become disillusioned and that failure can predetermine their resignation to a life of poverty.

A major effort to correct all this was the Head Start project. It began to help disadvantaged children in preschool, the time of development when the child needs help the most and when it has its most favorable impact. Head Start has been an effective program, but one of its chief faults was that the schools were not attuned to the program, and the gains that the Head Start children made in preschool were lost when they entered the regular school program.

To help achieve an effective transition for these children after they enter the first grade, President Johnson first proposed the Follow Through program in his state of the Union message on January 10, 1967. He then requested $120 million under the Economic Opportunity Act in fiscal year 1968—funds to operate a large-scale Follow Through program for up to 200,000 children.

However, in the fall of 1967, before that legislation was enacted, it became known that OEO would receive substantially less than requested, and Follow Through, as a new program, would receive little, if any, funding. A decision was made by the Office of Economic Opportunity, Department of Health, Education, and Welfare, U.S. Office of Education, and the Bureau of the Budget that Follow Through, for the time being, should be an experimental program.

So, Follow Through became the Nation's largest educational experimental program. It obtained 22 program sponsors, mostly universities and experimental laboratories, each with an innovative approach to educating low-income children. In addition, there are 14 self-sponsored projects. Each local school system which receives a project grant agrees to work with one of these sponsors over a number of years in order to implement his approach. The local project managers also agree to be part of a national evaluation of the various approaches and of the program design as a whole.

President Nixon said that his administration's aim was to target educational programs to the children with the greatest needs. Follow Through is precisely such a program. But the President's rhetoric is not reality. Follow Through is on its way to being phased out. In 1971, a 5-year plan for a basic change in the direction of the Follow Through type programs was formulated in USOE. This plan called for the gradual phasing out of the federally administered Follow Through program itself on the grounds that it should not remain a service program indefinitely.

The plan provided for State education agencies to play a leading role in planning and working with local school systems, for the adoption and proliferation of Follow Through type programs. This plan was presented to chief State school officers, and an order was issued to enable State education agencies to apply for planning grants in the initial year of the plan. Five State education agencies were approved for such grants and received planning grants of approximately $50,000 each from fiscal year 1972 Follow Through funds. The States were Arkansas, California, Michigan, New Jersey, and North Carolina. It was further indicated that if the planning reports of these States were found to be acceptable, the Office of Education would follow the planning grants with operational grants to the State agencies, as well as make a new round of planning grants to an additional number of States.

After the five States had begun their planning, however, they were informed that the proliferation aspect of the 5-year-plan had been scrapped. Only the phaseout aspect of this plan for Follow Through remained in effect. There are now no plans or provisions for building on Follow Through to mount a large-scale service program.

A phaseout timetable similar to that in the 5-year-plan is now being implemented, with the entering grade—kindergarten or first grade, depending on the project—to be dropped in the 1974–75 school year. This is reflected in the reduced funding level for fiscal year 1974, which funds the 1974–75 school year. Each project must drop a grade a year so that after 4 years there will be no children in the program. This phaseout destroys the integrity of the program and its services. Therefore, it jeopardizes the evaluation. The program is in danger of being judged a failure because it was killed off prematurely.

This phaseout of Follow Through is another shortsighted action by this administration, another crucial social welfare program scrapped with the blame being laid to inflation. But this phaseout has far-reaching and potentially disastrous effects for the future. These children, because of their school failure, may later swell welfare rolls, may pick up criminal records, and most certainly will be on the lower end of the income ladder, as much in poverty as their parents.

And unless Congress takes favorable action on this supplemental appropriation amendment soon, the administration will indeed be able to carry through its proposed phaseout of the Follow Through program.

Mr. President, I urge that serious attention be given without delay to the critical need for the retention of the Follow Through program, in connection with the consideration of the supplemental appropriations amendment and other legislation pending in the Senate for the continuation of programs to combat poverty.

EARTH RESOURCES TECHNOLOGY SATELLITE

Mr. MOSS. Mr. President, I recently received a letter from Mr. Joe E. Steakley, president of the American Society of

Photogrammetry, setting forth concisely and cogently the arguments for continuing the earth resources technology program.

Last year, the four committees of Congress which review NASA's authorizations and appropriations disagreed with the administration's decision to allow a gap in this important program, and provided funds to assure continuity of ERTS data, which is becoming so important in resource inventory, conservation, the discovery of new energy sources, land management, ecology and environmental analysis.

The administration's budget for the next fiscal year does not provide for continuing that program. Because of the timeliness of President Steakley's letter, I ask unanimous consent that it be printed at the conclusion of my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

AMERICAN SOCIETY OF PHOTOGRAMMETRY,
Falls Church, Va., March 28, 1974.

HON. FRANK E. MOSS,
Chairman, Committee on Aeronautical and Space Sciences, Russell Senate Office Building, Washington, D.C.

DEAR SENATOR MOSS: The American Society of Photogrammetry is concerned that there are no approved plans to continue the Earth Resources Technology Satellite (ERTS) Program beyond the second satellite, ERTS-B. We understand that ERTS-B will be launched in Fiscal Year 1975 and should provide earth resources data into 1976. The program will then have had continuity since July 1972, a span of about four years, which appears much too brief a period to analyze, evaluate, and apply this new technology. It falls considerably short of the 1980 U.S. census, when land use and demographic data would be most useful. Since approximately two years are required to prepare a satellite for launch, planning must start now to avoid a time gap after 1976.

It has taken ERTS-1 over a year to obtain cloud-free coverage of many areas. Only now, twenty months since launch, is repeated coverage becoming available. The considerable value of change detection, monitoring, and seasonal phenomena is becoming apparent. As the result of initial experiments, many government and industry groups are faced with decisions of redirecting effort and funding to apply this new tool. Many are unwilling to abandon existing techniques if ERTS data acquisition is temporary; they are willing, however, to apply ERTS data if assured that the program will continue for a reasonable time span.

The ERTS program promotes international benefit and good will. Canada has built a receiving station and, among other uses, is measuring forest fire damage and ocean ice movement in the far north. Brazil, also with a receiver, is preparing photomaps of the country. Iran has contracted for an evaluation of its natural resources and grazing lands using ERTS images. Maps of Antarctica are being prepared as part of international agreements. For the first time, photomosaics of the entire United States, including Alaska, are being made available.

The membership of the American Society of Photogrammetry includes significant representation from governments, manufacturers, educational institutions and the engineering and scientific communities. While final results and a complete analysis of the benefits of the ERT data are not yet available, we are convinced that continuation of the program at least through this decade is both necessary and justified.

While other experimental satellites may be launched to evaluate sensors, the value of systematic, continuous world-wide coverage can only be determined by ERTS. Information from this program is already finding increasing use in such vital areas as resource inventory, conservation, new energy sources, land management, ecology and environmental analysis.

We therefore believe that the national interest and American prestige abroad would best be served by early approval of plans for a continuation of the ERTS program. To this end we solicit your support of this position and such action as the Senate Committee on Aeronautical and Space Sciences may deem advisable.

Yours sincerely,
JOE E. STEAKLEY,
President.

THE EISENHOWER CONSORTIUM AND THE U.S. FOREST SERVICE

Mr. HANSEN. Mr. President, a couple of years ago, nine universities in the Rocky Mountain region, including the University of Wyoming, formed the Eisenhower Consortium for Western Environmental Forestry Research to pull together the many types of research experience and skill available in these institutions and to work toward solution of some of the environmental problems of this area.

The consortium has in the past received some funding assistance for research projects from the U.S. Forest Service, the Environmental Protection Agency, and the National Science Foundation. Consortium officials are seeking additional funds in the fiscal year 1975 budget for the U.S. Forest Service to extend and expand the valuable work in which participating institutions are engaged.

A brief background paper explaining the consortium's goals and program expectations was sent to me recently by William Carlson, president of the University of Wyoming. Because of the participation in the consortium's program of a number of universities. I ask unanimous consent that this background information be printed in the RECORD at the conclusion of my remarks for the benefit of Senators from other States involved in this program.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

BACKGROUND MATERIAL ON EISENHOWER CONSORTIUM

The University of Wyoming has for the past two years been a member of the Eisenhower Consortium, which grants small funds for research in areas of forest resource management.

Grants from the Consortium have stimulated excellent new research at the University of Wyoming although total funds available are small.

Recently the Consortium University delegates concurred in the principle that it would be worthy to seek an increase in funds available for this research (funds presently come from the Forest Service) and have agreed that each, in their own way, will call certain common needs, goals and facts to the attention of some of their senators.

In essence our common feelings are as follows:

A PROGRAM OF WESTERN ENVIRONMENTAL FORESTRY RESEARCH

Progress toward timely solutions of environmental problems of the central and southern Rockies and the adjacent high plains requires an array of scientific and technical disciplines and research skills not found in sufficient quantity in any one institution. Therefore, nine universities in the region and the Forest Service, through the Rocky Mountain Forest and Range Experiment Station, in 1972 formed the Eisenhower Consortium for Western Environmental Forestry Research to mobilize and coordinate the array of research experience and skills available in these institutions. The universities are: University of Wyoming, University of Colorado, University of New Mexico, Colorado State University, New Mexico State University, University of Arizona, Arizona State University, Northern Arizona University, and Texas Tech University. The Consortium is able to completely coordinate regionwide, multidisciplinary research on regional problems. This capability has been demonstrated in the Consortium's first two years of research, which has made outstanding progress with very limited funds. Currently, the Consortium has been joined by The Institute of Ecology in a natural resource problem assessment of the entire Rocky Mountain West, mobilizing the efforts of more than 200 experts from industry and Federal and State agencies, as well as universities.

Recently through joint efforts of the Consortium and The Institute of Ecology, the cooperation of the National Science Foundation, the United States Environmental Protection Agency and the Forest Service were obtained to fund a Problem Assessment Project. A major grant was received from NSF with smaller amounts from EPA and the Forest Service. The significance of this is that the Problem Assessment Project will provide form, sound guidelines for establishing research needs and priorities in areas of forest and resource management so that future expenditures of funds can be made wisely and directed toward the most urgent problems.

Planners and decision makers will need specific information on environmental and socioeconomic effects of current and prospective activities to determine the available alternatives and to choose those that will optimize benefits to society and minimize both adverse environmental effects and economic costs. We expect that specific problem areas may include:

1. Determination of the environmental, ecologic, and socioeconomic effects of new and expanded residential and industrial developments, recreational sites and activities, and transportation systems.

2. Develop methods and techniques for monitoring and controlling changes in environmental and ecological factors, for managing use of natural environments and for reducing adverse consequences.

3. Analyze constraints of current laws and institutional arrangements on maintenance of a high-quality environment, and identify and evaluate needs for new legislation and modified or additional institutional arrangements.

4. Improve methods for achieving broad public understanding of man's interrelationships with, and needs for, products and experiences from forests and associated wild lands.

The research planned for initial implementation will be aimed at determining: the intensities and modifications of land use and management practices permissible without inducing soil erosion; the water quality-water yield effects of recreation and residential developments and of various land uses; and the recreational carrying capacity in terms of impact on the land, the limiting effect of human interactions on the recrea-

tional experience, and relations to demands for outdoor recreation.

The Rocky Mountain Forest and Range Experiment Station and the nine universities mentioned above are already cooperating in a number of studies aimed at environmental problems in the central and southern Rockies and adjacent high plains. An additional $800,000 is needed as a first increment to the current effort to mount an effective attack on these problems. Approximately one-half of new funds allotted to the program will be used to support research by the Station and one-half will support complementary research by the universities.

We estimate that a minimum of $4 million annually will be required for the program, and we propose its implementation over a 5-year period.

Of highest priority is research on the effects of increased use on soil, water, and esthetic quality. The central and southern Rocky Mountains are the major source of the water supply for the Colorado River Drainage, the Rio Grande Drainage, the Western Slope of the Colorado Rockies, and the adjacent high plains. Water for irrigation and for industrial and human consumption must meet standards of chemical, physical, and biological purity. The area also has great scenic beauty, provides outstanding recreational opportunity, has a rich variety of wildlife, and produces an appreciable amount of timber and forage.

The planned massive energy production facilities and more complete exploitation of the extensive mineral resources promise a further surge of population. Localities that are now rural and thinly populated will become industrialized and urbanized. Consequently, an additional wave of new building and sharply increased demands for renewable resources and outdoor recreational opportunities are in prospect.

The impacts of ever-increasing numbers of people on the fragile western environments can be disastrous unless methods of controlling and mitigating these impacts are developed. Land in the West is slow to recover from disturbance because of short, cool growing seasons and generally limited rainfall. Soils are thin and unstable in many localities. Thus, heavy use can result in accelerated erosion, heavy sedimentation and contamination of waterways, sharp reductions in fish and wildlife populations, and destruction of the esthetic and amenity values of the open spaces of the West.

Energetic attempts are being made to plan land use and land management to minimize and control effects of increased activities and new developments, but the process is seriously hindered by lack of information of effects on vegetation, soils, water and air quality, wildlife and fish population and distribution, esthetic quality, and amenity values of open land. Main sources of impacts are residential and industrial developments, recreational sites and activities, and transportation systems. Current laws and institutional arrangements also impose some constraints on efforts at environmental protection.

Protection of soil and water quality is fundamental not only to maintenance of productivity for commodities but also to preservation of recreational, esthetic, and amenity values. Soil loss is an irreversible change of the ecosystem; plants and animals are fewer in species and number and small in size than in the undamaged system. Thus, soil loss makes an area less attractive, less useful, and less productive. Eroding soil carries with it organic material and mineral elements, so that aquatic life suffers from excessive sediment, reduced oxygen, and sometimes harmful levels of mineral elements. The same constituents also mar the attractiveness of the watercourses for recreational activities and reduce the usefulness of the water for irrigation, industry, and human consumption. The results are reduced revenues from recreation, hunting, fishing, and commodity production, and increased costs of water use.

THE POLITICS OF FOOD

Mr. HUMPHREY. Mr. President, a very informative article, "The Politics of Food," by Stephen S. Rosenfeld, appeared in the spring issue of Foreign Policy.

Mr. Rosenfeld clearly points out the highly important foreign policy implications of our Nation's food policy or lack of one. The author indicates also the growing awareness of Secretary of State Kissinger of the relationship between food and foreign policy.

In 1956 I held Senate Foreign Relations Committee hearings on the subject of food reserves. At that time, Assistant Secretary of Agriculture Butz was opposed, in principle, to the idea of reserves. However, 18 years later, as Secretary of Agriculture, he has now come around to supporting reserves for other countries but only privately held reserves for the United States.

The relationship between diplomacy and agriculture remains largely unplowed ground. That situation will remain if the USDA continues to follow a narrow policy of dependence upon the free market and of emphasis upon exports of American agricultural commodities, without giving adequate consideration to other vital interests of our Nation.

I feel that we must develop a food reserve system to prevent famine abroad and assure adequate food at home, and a food policy to relate to our foreign policy. This article contributes toward a better understanding of these issues.

Mr. President, I request unanimous consent that the article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE POLITICS OF FOOD

(By Stephen S. Rosenfeld)

If food is becoming chronically short in the world,[1] what does it mean for American foreign policy? What obligations do we have to maintain our traditional postwar role as granary for the world's hungry? What opportunities are still available to use food, as we have for more than a generation, as a political instrument, offering it as a carrot, denying it as a stick? Given the political and economic strength of the American farm sector, can there be any discretionary use of food for diplomatic purposes, or is the role of diplomacy simply to follow behind agriculture—rather as the man with the little shovel follows the circus elephant—and clean up as best it can?

These issues constitute largely unplowed ground. There has been little systematic thinging about the new relationship between agriculture and diplomacy. As Henry Kissinger conceded in his Senate confirmation hearing: "It is a new field for us. We had not in the past thought that agricultural exports required foreign policy decisions." So Kissinger and the rest of us are going to have to learn about this area of international policy—the politics of international food.

Begin with American agriculture's productivity and its political power. Because of our natural endowment, our technology, and the talents of our farmers, the United States has long been capable of producing far more than it consumes. From the time of the Great Depression, the "farm bloc" was strong enough to assure that the government would protect farmers against swings and falls of income brought on by overproduction. For some 30 years, the government, by various means, took these surpluses off farmers' hands, either distributing them below cost in domestic or foreign markets, insulated as best as possible from commercial markets, or storing them. The best known program of this sort was the Agricultural Trade Development and Assistance Act of 1954, known as P.L. 480 or Food for Peace; under it, close to $30 billion of farm commodities have been distributed abroad. Many officials connected with P.L. 480 speak of it warmly as a humanitarian program. In fact, it was a program the government devised to get some political and economic use out of food that it was accumulating anyway for domesitc political purposes. The international result was the same: the United States became the world's "residual supplier" of agricultural commodities, the one place to turn to in emergencies. Both at home and abroad the notion spread that this was the normal and lasting state of affairs.

SURPLUSES: BLESSING OR MENACE?

In fact, it was not. The political context began to shift sharply in the 1960's. By the Supreme Court's one-man-one-vote ruling of 1962, for instance, the farm bloc's back was broken. Agriculture Secretary Earl Butz has described the impact: "Urban interests, consumer interests, welfare interests, and labor interests had become the muscle behind the political majority. Cheap food became much more important in the over-all consideration than farm income." This desperate (for farmers) situation was redeemed in part by the Nixon farm legislation of 1970, and in greater part by the explosion of world food demand which took place at about that time. "The Department of Agriculture," Butz has said, "in response to a surplus-weary Congress and a cost-sensitive public, and in line with its own philosophies, was determined to get out of the grain storage business [sic]. We were also determined to compete on the world market." To translate: With a Congress increasingly untuned to farmers, an Administration with a strong free market orientation came along just as, fortunately, market demand was mushrooming. The technological revolution which created the "farm problem" by making overproduction easy 40 years ago "is being overtaken by a revolution in consumer demand," Assistant Secretary Carroll G. Brunthaver, Jr. said happily last spring. He noted that in farm legislation passed in 1973, "the Congress rejected the idea of government stocks of grain in anything more than a token amount."

Quite so. The Congress may lack Butz's ideological zeal for the free market but it shares his conviction that surpluses (or "reserves" or "stocks")—whether accumulated on the domestic market or the foreign market—are not only a menace to prices but a heavy cost item in themselves. Commercial exports are everything. Typically, the Senate Agriculture Committee declared in its report on the 1973 farm bill that "we should urge farmers to continue to produce for the world market so that agricultural exports would be increased." The Agriculture Department, which maintains market intelligence officers ("attachés") in some 60 foreign posts, quivers with pride and achievement now that exports have risen, this fiscal year, to an estimated $19 billion. "Agriculture can turn out to be America's ace in the hole"—to pay for oil, Butz claims. The farm sector's expected contribution to the balance of payments this year is about $10 billion. Says his chief economist, Don Paarlberg, "We have adopted the policy of being competitive in world markets for key agricultural com-

[1] As Lester Brown argues persuasively in "Food: The Next Crisis?" in Foreign Policy 13.

modities, using our productive capacity to export these crops and earn the foreign exchange necessary to purchase needed imports and to strengthen the dollar." I should add that, as of late December, the Agriculture Department had not publicly factored the world energy crisis into its projections of world demand for American food.

Agriculture's sense of new strength is also apparent in the American approach to trade, particularly in the General Agreement on Tariffs and Trade (GATT) negotiations which began formally last September. Within the Agriculture Department there is a certain residual bitterness that in the Kennedy Round the interests of agriculture were given second billing to those of industry. Now, however, Paarlberg points to recent export figures to show "what our farmers and marketing system might be able to do consistently—several years down the road but with greater price stability—if many of the artificial barriers to import demand in other nations were reduced." American agriculture, he said last fall, now seeks "a major, perhaps decisive role" in the GATT talks. "Our resolve must be to put increasing international pressure on those foreign trade barriers which prevent one of the most efficient U.S. industries—one of the world's most efficient farm sectors—from bringing its weight to bear to improve our trade and payments position." Our policy is easy to summarize: food for cash.

FOOD: FOR PEACE OR POLITICS?

While commercial exports have climbed toward $20 billion, shipments under Food for Peace have dropped below $1 billion. "The future mechanism for aiding food-deficit countries is," an Agriculture Department publication notes dryly, "uncertain." Now it is true that, for recipients, Food for Peace has not always been an unmitigated benefit: it has sometimes depressed their agriculture and has involved political and psychic costs. It has also become true in recent years, as Butz told me in an interview, that P.L. 480 "is no longer primarily a surplus disposal program. It's for humanitarian purposes and for national security—to help infuse purchasing power into countries on our defense perimeter. South Vietnam is a case in point." Indeed, last year *most* 480 supplies went to Vietnam and to these other countries regarded, in varying degrees, as segments of the American "defense perimeter": South Korea, Israel, Pakistan, and Indonesia.

Nonetheless, through three decades, Food for Peace and its predecessor programs have fed hungry millions. They have nourished our better instincts as a people.

For three decades, moreover, American diplomats have used food as a political tool: to relieve the misery of our friends, to spare them the cost of buying food on the open market, and to help them keep popular discontent within politically manageable bounds; to show off American productivity and generosity; to bargain for other benefits; and so on. It is within this tradition of food diplomacy that administration officials now suggest that we may stop selling food to countries which won't sell us oil.

It is perhaps worth noting here that while countries in duress may appreciate—sometimes through clenched teeth—our food largesse, they tend to react strongly against the overt use of food as a political weapon. During a period of bad relations in 1964, for instance, President Nasser of Egypt denounced the United States for failing to provide emergency food supplies and told the United States to "go drink sea water." During another bad period in 1966 he declared: "The freedom we have bought with our blood we shall not sell for wheat, for rice, or for anything." Three days before President Allende of Chile was overthrown and killed last fall, his government said that the United States had refused to sell it, for cash, vitally needed supplies of wheat, because of a "political decision of the White House"; less than a month after the coup, the United States approved a credit sale of wheat to the new Chilean government in an amount eight times the total commodity credit offered to Chile in the Allende years. Oil states, however, with their cash and small populations—and their oil—are not similarly vulnerable. Plainly, it depends.

Until quite recently, nonetheless, the idea of feeding hungry foreigners was fading for other than political reasons. The chairmen of the two agriculture committees, Senator Herman Talmadge and Representative W. R. Poage, are known for their conservative philosophy and their national, as opposed to international, outlook; they both have pronounced themselves content with America's past and present performance on food aid. Food for Peace is "a drain on American dollars," Poage said, "and it should be treated as just another kind of foreign aid like medicine or printing presses." The Agriculture Department, whose Secretary has been known to warn darkly of "alarmists," has consistently played down the possibility of famine, playing up the helpful influence of good weather, and pointing to the "international" nature of the world food problem without offering initiative or leadership. Even in the State Department, the attitude was growing more negative. "Food for Peace was based on the ethnocentric idea that we could pacify the world by food," a State Department official said to me last summer at a time when Bangladesh was beginning, largely in vain, for a trickle of wheat. "Now our thinking is that feeding the world is an international problem, maybe one for the United Nations. The worst thing we could do for a country would be to put it on a permanent dole. That would just give it the excuse to avoid solving its own problems, especially population. Then Secretary of State William P. Rogers uttered a faint call in his last annual report for "an over-all review of U.S. food production policy in relation to its effect on our assistance to the LDC's [less-developed countries]," but no one answered and his own department did not follow up.

A WORLD FOOD RESERVE

In fact, Food for Peace must be considered all but defunct. Only last summer did a "new" idea appear for a program or mechanism to fill its chief purpose of easing world hunger. The idea was a "world food reserve" and it came from A. H. Boerma, the Dutchman who is Director General of the U.N. Food and Agriculture Organization. To be sure, the idea of a planned reserve is not new. A report prepared in the Senate Agriculture Committee recalls that, as early as 1912, Henry A. Wallace cited the Biblical story of Joseph storing grain against famine, and the Confucians' creation of a "constantly normal granary" in China, in order to urge a similar food storage plan upon the United States. As Secretary of Agriculture, Wallace steered into law in Depression America a storage program intended to protect American farmers' income. A British-American Combined Food Board provided some experience in internationalizing food cooperation in World War II. In 1945, John Boyd-Orr, the Food and Agriculture Organization's (FAO) first chief, proposed a plan for purchase and storage of international food reserves.

His plan foundered on the same rocks that have endangered all like proposals since, whether the reserves be meant for the domestic or international market. That is, essentially, the fear of producers everywhere that at some point the reserves will be dumped on the market, thus depressing the prices. In the United States, the farm bloc for many years had the strength not only to induce the government to buy surpluses but to keep them off the market. Farmers, though politically weaker now, make the same appeal, the more so in a period of strong market demand and high prices. "Food reserves held by government can never be perfectly insulated from the market." Butz warned in December. "Farmers should not be fooled by promises that a system can be designed to protect farmers from a premature release of stocks. Any set of rules would certainly be subject to change—especially in light of public pressures like those which prevailed in 1973, pressures which forced this Administration to impose counterproductive price controls." And even those officials who are indifferent to the welfare of farmers are slowed by the high costs of buying and storing food for a reserve and by the idea, encouraged by the Agriculture Department, that the United States has done plenty in the past and that other developed countries, to say nothing of the developing countries themselves, should do more now.

Now, Boerma, offering his proposal in July, helped publicize the great need to which his proposal was addressed. The "nonaligned" nations, meeting in Algiers in September, made a like appeal. At the same time, the Brookings Institution sponsored a report focusing on reserves and agricultural trade among North America, the European Economic Community, and Japan. A British economist, Timothy Josling, published a widely circulated paper on international grain reserves. Concern for reserves was in the air, like, if you will, a gas. But given the political and economic facts of life in Washington, a spark was needed to give the idea life within the American government. Such a spark could only be struck by people outside the American agricultural establishment.

THE NSC STUDY

This was done on September 11, at the former's confirmation hearing, by Secretary of State Kissinger and Senator Hubert Humphrey. Humphrey first started talking about reserves in the 1950's. Senator Edward Kennedy, among others, now brings publicity and support to the idea, but Humphrey has been the commanding figure among the handful of legislators with not only an internationalist outlook and a conscience but with farm expertise. As chairman of the Senate's Foreign Agricultural Policy Subcommittee, he has produced a prodigious public record on issues of world food security. As a member of the Foreign Relations Committee, he conducted this colloquy with Kissinger, a city boy through-and-through:

HUMPHREY. Would you initiate, after consultation with the Secretary of Agriculture, the Secretary of Commerce, and obviously with the President, a discussion amongst the main exporting nations and the main importing nations as to what we are going to do in the coming year to relieve conditions of human misery and, in some areas, famine, in the light of the world food supply situation?

KISSINGER. You know, Senator Humphrey, that your suggestion runs counter to all our traditional attitudes with respect to agriculture.

HUMPHREY. Correct.

KISSINGER. We have always resisted the idea of commodity-type agreements because we wanted to have the maximum opportunity for the export of American products, and we thought we would have enough to take care of all needs. In this respect the experience of the last year (1972–73) has been a challenge to all our traditional assumptions. We recognize that now we are living in a new world.

We have recently started an interdepartmental study of this problem. The proposal you make is one that some of us were discussing informally earlier this year; at that time it did not receive too much favor because of the weight of previous assumptions.

All I can say, pending the completion of that interdepartmental study, is that the approach you have suggested is needed, and we will look at it with the greatest sympathy.

That "interdepartmental study," a project of the National Security Council, concluded, in essence, that although the world food outlook is uncertain, the United States should explore new ways of promoting an international approach to related issues of food aid and development. Those familiar with the NSC study report that it, and Kissinger's personal impetus behind it, provoked a thorough and continuing review in the downtown departments and made the bureaucracy focus on the new vistas of world food. In turn, the review helped educate Kissinger, who at his confirmation hearing, was speaking strictly off a staff briefing. He was initially outraged that in 1973, almost overnight, the United States had to stop selling certain farm commodities—with troublesome foreign policy consequences—in markets which it had spent five years trying to expand. He is described now as soberly heedful of the interrelationship of agriculture and diplomacy, and as determined not to leave policy in that area to "economists."

A WORLD FOOD CONFERENCE

Less than two weeks after his confirmation hearing, Kissinger went to the United Nations and proposed a World Food Conference along the precise lines suggested by Humphrey. This was, I am prepared to believe, more than a gesture to show the Third World gallery that the United States is interested in more than countries big and rich enough to be part of the balance of power. It was an acknowledgement, more meaningful for having been made in a political forum and in the expectation of indefinite food shortages, that the United States regards the world food situation as an urgent issue demanding an international solution and transcending the complex ongoing questions of agricultural trade. The Conference will be held in Rome next November under the auspices of the United Nations, with technical assistance by the FAO. It was put under the United Nations rather than the FAO because the U.N. has a universal membership (the Russians don't belong to the FAO) and because grain-exporting countries tend to look at the FAO as a club (in both senses) of the food-deficit countries. The Conference will consider a range of issues chosen, or so the United States hopes, for being particularly amenable to international cooperation—pest control, disaster relief, technical assistance for self-help programs, and so on. But an international food reserve remains the key issue.

As usual, an international timetable is forcing national decisions. Kissinger has appointed a coordinator to oversee the shaping of the American position at the World Food Conference. The fact that the Conference will be under the United Nations, not the FAO, facilitated his effort to put State rather than Agriculture in charge of the American position. The Agriculture Department named the deputy coordinator. The bureaucratic byplay is, by consensus, brisk but positive. The FAO's Boerma has been applying pressure of his own, on Butz, from what might be called the left flank. They seem to have pushed each other into a mutually acceptable position on reserves. Butz now agrees that the government as well as private traders will have to hold reserves. Boerma has eased off his earlier preference that reserves be controlled internationally, rather than by each participating nation. Over-all, the inevitable and healthy difference in viewpoint of Agriculture and State—Agriculture representing a powerful domestic interest group, State representing a more abstract foreign policy "interest"—ensures a lively process of policy formulation. Butz is a tough, able, and outspoken man, a gamecock, and those who know him well are confident that in joining this process with Kissinger, he is quite up to ensuring that agriculture's—and Agriculture's—interests will be properly served.

GAMES RUSSIANS PLAY

The Soviet Union needs a separate word. Détente has brought the Russians into the world grain market. Their resources allow them to make a huge impact on world supplies and prices. More than any other single factor, it was the Russian purchases of 1972 which left the United States able to respond only stingily to emergency appeals from West Africa and Bangladesh. Those countries could well have concluded that détente is a conspiracy of the rich against the poor. The 1972 purchases also contributed to boosting food prices here and elsewhere. Yet the Russians still play an irresponsible loner's game. Take carryover stocks: their size indicates whether a country facing a bad harvest or an unexpected surge in demand will go on the world market. The Russians keep stock information secret. Not even the bilateral Soviet-American agricultural agreement signed at the second summit obliges them to report in that critical area. (That agreement was signed, by the way, before Kissinger started getting wise to agriculture.) Nor do the Russians take an organized part in international efforts to feed the hungry. They shun the FAO. Presumably, the World Food Conference will help smoke them out.

Just what will come out next November, at the Conference, is hard to say. I would guess that we are only at the beginning of composing a national policy consistent at once with our best instincts, with our producer's interests, and with our gathering awareness that we live in a world which may force us into new patterns both of cooperation and competition in order to assure ourselves the resources necessary for our national life. Until now, our thinking and policy on resources have assumed either an adequate domestic supply or adequate foreign access. In this condition of plenty, we could indulge a casual and unplanned approach. But we seem now to be entering a period of shortages, world or national. George McGovern, a farm state politician and former Food for Peace administrator, told the Senate last August:

We have chosen commercial sales of wheat to the Soviet Union over guarantees of an adequate diet for those impoverished Americans who subsist on surplus commodities. We have chosen, at least indirectly, to feed American livestock—in support of our taste for meat over grain—instead of meeting desperate human needs in West Africa, South Asia and elsewhere. We are forced to such results because we simply have no policy for choosing which needs to fill and which to ignore when we cannot fill them all.

The country is now starting to choose.

CONCLUSION OF MORNING BUSINESS

Mr. MANSFIELD. Mr. President, is there further morning business?

The ACTING PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

FEDERAL ELECTION CAMPAIGN ACT AMENDMENTS OF 1974

The ACTING PRESIDENT pro tempore. The Chair lays before the Senate the unfinished business, which the clerk will state.

The assistant legislative clerk read the bill by title, as follows:

A bill (S. 3044) to amend the Federal Election Campaign Act of 1971 to provide for public financing of primary and general election campaigns for Federal elective office, and to amend certain other provisions of law relating to the financing and conduct of such campaigns.

The Senate resumed the consideration of the bill.

The PRESIDING OFFICER. The pending question is on the amendment of the Senator from Georgia (Mr. TALMADGE).

Mr. MANSFIELD. Mr. President, it is my understanding that that amendment will not be voted on until Monday. It is my hope that other amendments which may be available will be offered this afternoon, and if there are to be rollcall votes, they, too, can be put over until Monday under the previous agreement.

CLOTURE MOTION

Mr. MANSFIELD. Mr. President, at this time I send to the desk a cloture motion and ask that it be read.

The ACTING PRESIDENT pro tempore. The cloture motion having been presented under rule XXII, the Chair, without objection, directs the clerk to read the motion.

The assistant legislative clerk read the motion, as follows:

We, the undersigned Senators, in accordance with the provisions of Rule XXII of the Standing Rules of the Senate, hereby move to bring to a close the debate upon the pending bill S. 3044, a bill to amend the Federal Election Campaign Act of 1971 to provide for public financing of primary and general election campaigns for Federal elective office, and to amend certain other provisions of law relating to the financing and conduct of such campaigns.

John O. Pastore.
Harrison A. Williams, Jr.
Clifford P. Case.
Abraham Ribicoff.
Thomas F. Eagleton.
Joseph R. Biden.
Alan Cranston.
Birch Bayh.
Dick Clark.
Frank Church.
Quentin N. Burdick.
James Abourezk.
Gale W. McGee.
Edmund S. Muskie.
Philip A. Hart.
Edward M. Kennedy.
Floyd K. Haskell.
Howard M. Metzenbaum.
Jacob K. Javits.
Marlow W. Cook.
Edward W. Brooke.
Ted Stevens.
Joseph M. Montoya.
Hugh Scott.
Richard S. Schweiker.
Henry M. Jackson.
Hubert H. Humphrey.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Talmadge amendment be laid aside temporarily until the close of routine morning business on Monday.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

RECESS

Mr. ROBERT C. BYRD. Mr. President, I move that the Senate stand in recess subject to the call of the Chair.

The motion was agreed to; and at 10:44 a.m., the Senate took a recess subject to the call of the Chair.

The Senate reconvened at 10:47, when called to order by the Acting President pro tempore.

FEDERAL ELECTION CAMPAIGN ACT AMENDMENTS OF 1974

The Senate continued with the consideration of the bill (S. 3044) to amend the Federal Election Campaign Act of 1971 to provide for public financing of primary and general election campaigns for Federal elective office, and to amend certain other provisions of law relating to the financing and conduct of such campaigns.

The ACTING PRESIDENT pro tempore. The Chair recognizes the senior Senator from Virginia.

Mr. HARRY F. BYRD, JR. Mr. President, I wish to commend the difficult and lonely fight being made by the distinguished Senator from Alabama (Mr. ALLEN) against an unjustified raid on the Treasury of the United States. The Senator from Alabama has led the fight against taking tax funds to finance political campaigns.

As one Senator, I shall not vote to take money from the pockets of the hard working wage earners of our country and turn that money over to the politicians. The polls show that politicians these days are not in very good standing. Yet many in Congress say, "Oh, the people want us to vote this money. They want us to take tax funds for our campaigns." I do not believe that. I do not believe that the wage earners of the country want to have the House and Senate dip into their pockets and take money from the hard-working people of the country and turn it over to the politicians to use as they wish.

So I commend the able Senator from Alabama. I hope he will prevail in his difficult struggle against this new program for an additional use of tax funds. The record shows that whenever Congress gets into something, the cost increases. This campaign financing bill will not decrease the cost of campaigns; it will increase the cost of campaigns. That is the whole history of congressional spending.

That is the whole history of Congress. Whenever Congress gets involved in a matter, the cost goes up.

I say that the cost of campaigns is too high now. What needs to be done is to put a tight ceiling on campaign expenditures and a tight ceiling on the amount of money that any individual can contribute to a campaign.

I hope Congress will do just that. But I hope that Congress will reject dipping into the pockets of the wage earners in order to get money from the Federal Treasury to turn over to the politicians of our Nation.

Mr. President, I ask unanimous consent that I be permitted to speak out of order on another subject.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. HARRY F. BYRD, JR. First, Mr. President, I ask unanimous consent that I may yield to my distinguished colleague from Wisconsin (Mr. NELSON) without losing my right to the floor.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. NELSON. Mr. President, I ask unanimous consent to speak very briefly out of order.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

S. 3318—INTRODUCTION OF A BILL TO AMEND THE INTERSTATE COMMERCE ACT

Mr. NELSON. Mr. President, I send to the desk a bill to amend the Interstate Commerce Act and provide for regulation of certain anticompetitive developments in the petroleum industry, and I ask unanimous consent that the bill be referred to the Committee on Commerce.

Mr. GRIFFIN. Mr. President, I reserve the right to object.

The ACTING PRESIDENT pro tempore. The Senator from Michigan reserves the right to object.

Mr. NELSON. If the Senator will permit me to comment, there is dual jurisdiction over this bill. It has antitrust provisions in it, and it amends the Interstate Commerce Act. Either committee could handle it. Probably both will want to before any action is taken on the bill. I ask unanimous consent that initially it be referred to the Committee on Commerce.

The ACTING PRESIDENT pro tempore. Is there objection?

Mr. HARRY F. BYRD, JR. Mr. President, reserving the right to object, may I ask, is the Finance Committee involved in this legislation?

Mr. NELSON. I think it could be. The bill would amend the Interstate Commerce Act. It provides for divestiture of certain activities of the oil companies, divestiture of refining if they in fact refine, produce, and engage in other activities. So I would not be surprised if Finance, Judiciary, and Commerce all have legitimate jurisdiction over parts of the measure.

Mr. HARRY F. BYRD, JR. Irrespective of the merits of the proposal, I would hate to see the Finance Committee bypassed on a matter which is within its jurisdiction. Would the Senator be inclined to let——

Mr. NELSON. I would like to have it referred to the Committee on Commerce, although I am sure that any other committee that desires at any stage could have its own hearings, as is very frequently done, or have it referred for its own consideration. That would be perfectly appropriate, as frequently happens here.

Mr. HARRY F. BYRD, JR. I do not want to object to the request of my distinguished friend from Wisconsin, and I shall not object, but I would hope that if aspects of it are matters that should be considered by the Committee on Finance, the Senator from Wisconsin would urge that it be referred to the Finance Committee at the appropriate time.

Mr. NELSON. I am not sure whether there are. It had not really occurred to me until the Senator raised the question as to whether or not there are Finance Committee jurisdiction problems involved. There clearly is jurisdiction in both the Commerce Committee and the Committee on the Judiciary, because it would amend the Interstate Commerce Act, but it also has antitrust provisions as well.

It has to go somewhere initially, and as I say, I would have no objection—and would not be entitled to make any objection anyway—to any committee that has jurisdiction over some aspect of the subject matter requesting that, at the appropriate time, there be a referral of the bill to that committee.

Mr. HARRY F. BYRD, JR. I am not seeking additional work for the Finance Committee, but I would not like to see it bypassed on a subject in which it has jurisdiction.

I have no objection to the request of the Senator from Wisconsin.

Mr. GRIFFIN. Mr. President, reserving the right to object, I do not know that I shall object, except to observe that there is an Antitrust Subcommittee of the Committee on the Judiciary which is chaired by my senior colleague from Michigan (Mr. HART). It would seem that, since the bill clearly is directed to the matter of antitrust laws, it would be a little unusual, at least without consulting—and perhaps the distinguished Senator from Wisconsin has consulted and cleared with the other committees, particularly the Judiciary Committee, which I would think would have primary jurisdiction—to bypass that committee by unanimous consent on the Senate floor.

Perhaps there could be joint referral to both the Judiciary Committee and the Committee on Commerce.

Mr. NELSON. Mr. President, I have no objection to that. It is perfectly clear that there is important jurisdiction in the Judiciary Committee.

Many years ago—I do not know the date—on a similar problem, which involved prohibiting the railroads from hauling products that they owned, which is similar to this matter, the Commerce Committee handled that problem. But there clearly is dual jurisdiction.

I ask unanimous consent that the bill be referred to both the Committee on the Judiciary and the Committee on Commerce.

I have no objection to Finance, either. I am not sure there is a primary Finance Committee jurisdiction, but if there is, and the Senator from Virginia or the chairman of the Finance Committee asks for jurisdiction, I would have no objection to that.

Mr. GRIFFIN. Mr. President, as the request has now been phrased, I have no objection. As the Senator from Wis-

consin well knows, not only do we have an Antitrust Subcommittee of the Committee on the Judiciary, but it is very adequately staffed by experts in the field. It would not seem wise for the Senate to bypass that expertise and send it to the Committee on Commerce, on which I serve, but which is not particularly experienced with antitrust questions.

So I am delighted that the Senator has revised his request.

The ACTING PRESIDENT pro tempore (Mr. METCALF). Without objection, the bill will be received and referred jointly to the Committee on Commerce and the Committee on the Judiciary.

Mr. NELSON. Mr. President, Mr. ABOUREZK and I have joined in sponsoring this legislation entitled the Free Enterprise in Petroleum Act.

Massive amounts of evidence accumulated over the past quarter century indicate that those major oil companies, engaged in the whole process of oil management and control from drilling to retailing, are in fact monopolistic, anticompetitive, and destructive of free enterprise in the oil industry. This legislation is designed to eliminate this kind of monopolistic control by requiring divestiture of vertically integrated oil companies.

The legislation contains three prohibitions. First, it forbids pipeline companies engaged in interstate commerce from transporting petroleum products which it produced or manufactured. Second, it prohibits oil refiners from engaging in development or production of petroleum products; and, third, it forbids refiners from marketing finished petroleum products. These prohibitions do not apply to "independent" refiners defined as those who buy three-fourths of their crude oil and sell most of their products at the refinery.

The problem of monopolistic practices in the oil industry is not new nor are the proposals to cure it. In July of 1937, Congressman Biermann introduced similar legislation and in every decade since Members of both Houses have proposed legislation aimed at the same problem. These proposals have borne the names of distinguished Members of both Houses such as Borah, Gillette, Nye, Harrington, and Roosevelt. Currently, legislation concerning this problem is pending in both Houses. It is time for Congress to act.

Mr. President, there can no longer be any doubt that a law of this kind is needed. There can be no doubt of the abuses caused by a petroleum industry which is vertically integrated and monopolistic. According to figures in a Government Operations Committee print entitled "Investigation of the Petroleum Industry," that industry has in certain respect become even more concentrated and top-heavy in 1969 than it was in 1960. The top eight oil companies together accounted for 50 percent of the domestic net crude oil production while the top 20 companies had 70 percent. In 1960, those figures were 43 and 63 percent, respectively. All by themselves, four companies—Standard of New Jersey, Texaco, Gulf, and Shell—accounted for 31 percent in 1969 while in 1960 they shared 26 percent. In 1970, the top 20 companies accounted for 94 percent of proved domestic crude reserves, the top eight had 64 percent and the top four had 37 percent. In 1970, the company shares of domestic crude oil and gasoline refining capacity were as follows: The top four had 33 percent, the top eight had 57 percent, and the top 20 shared 86 percent.

In hearings before Congressman Roosevelt's committee in the mid-1950's, before Senator HART's Antitrust Subcommittee, and in a lengthy study by my own staff, the same facts have been consistently brought out: The abuses include short leases for retailers, unwarranted cancellations, artificially induced price variances, forced trinket "give-aways" which are beneficial only to the oil companies, and on and on. As recently as last month, in a front page article in the Milwaukee Sentinel it was stated that 3,600 independent retail gasoline dealers had begun concerted efforts to effect State legislation of this sort. The retailers list additional abuses including being forced to purchase such things as batteries and accessories from the majors at prices dictated by the majors.

The oil industry monopoly has had a truly devastating effect on retail gasoline dealers. In testifying before the Senate Antitrust and Monopoly Subcommittee of the Judiciary Committee, Mr. H. C. Thompson, president of the National Congress of Petroleum Retailers, has described the retail dealers' position as "largely that of an economic serf rather than that of an independent businessman." In his July 14–15–16, 1970, testimony, Mr. Thompson estimated that the turnover in gasoline station operators is 25 to 35 percent each year, or about 50,000 to 70,000 dealers.

The legislature has not been the only branch to attempt to bring about competition in the oil industry. In his fine speech on this subject last July 12, the distinguished Senator from South Dakota (Mr. ABOUREZK) traced the history of Federal court cases in this area since the landmark case of *Standard Oil Company of New Jersey* v. *United States*, 221 U.S. 1 in 1911.

An exhaustive examination of this whole problem has recently been completed by the Federal Trade Commission. It is a 141-page document entitled "Complaint Counsel's Prediscovery Statement," dated February 22, 1974, and is in support of the Commission's complaint in In the Matter of Exxon Corporation et al. This document is discussed in two recent newspaper articles.

The first is an article by Morton Mintz in the Washington Post, February 24, 1974, and the second is from the Wall Street Journal, February 25. Among the remedies it proposes, the FTC suggests refinery and pipeline divestiture.

Unfortunately, proceedings of this sort take very much time. Mr. Mintz suggests a final resolution is 8 to 10 years away. Given the present state of our petroleum supply and the state of the oil industry, I suggest that we cannot wait that long.

We can no longer put off legislation of this sort as being premature or ill-considered. Nor can we hide from the fact that there continues to be a petroleum crisis, even though its immediate effects may have been eased by the recent lifting of the oil embargo. This is a bill whose time has come.

Mr. President, I ask unanimous consent that the bill and its summary be printed in the RECORD along with an excerpt of my remarks on this subject in 1971 and the three newspaper articles that I have just referred to.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 3318

A bill to amend the Interstate Commerce Act and to provide for regulation of certain anticompetitive developments in the petroleum industry

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled.

SHORT TITLE

SECTION 1. This Act may be cited as the Free Enterprise in Petroleum Act of 1974.

FINDINGS

SEC. 2. (a) The Congress finds: (1) that Paragraph (8) of section (1) of the Interstate Commerce Act (49 U.S.C. 1 (8)) which divorces the business of transporting by railroad commodities in interstate commerce from their manufacture, thereby avoiding the tendency to discrimination, should be amended to apply to "pipeline companies", as that term is defined herein; (2) that the industrial organization of the petroleum industry in its present form does not serve the public interest; (3) that industry is characterized by aggregations of capital of tremendous size; (4) that these large companies are engaged in petroleum refining, but are interlocked at various levels of industry operation to the degree that the national policy of competitive free enterprise is frustrated; and (5) that by virtue of intercompany arrangements and vertical integration of refiners into the production of crude oil, the transportation of crude oil and finished products and the marketing of finished products, these large refiners have acquired and hold substantial monopoly power over interstate and foreign commerce in petroleum, adversely affecting the ability of the United States to establish a rational energy policy or conduct its foreign relations properly in important areas.

(b) The Congress further finds that an ample supply of energy at reasonable cost is essential to the national interest, and that petroleum hydrocarbons are a very significant portion of our energy supply. Current and projected levels of hydrocarbon imports from foreign sources entail serious consequences to the national defense and foreign policy of the United States, to the stability and health of the domestic economy, to the competitive position of this Nation in world trade, to the purchasing power of United States currency, and to the welfare of its citizens.

(c) It is therefore essential that action be taken on an emergency basis to reorganize the structure of the petroleum industry, to restore the free enterprise system in energy development, to assure an adequate flow of capital into exploration and development of secure and environmentally safeguarded sources, and to accord investors, consumers and taxpayers adequate protection in relation to energy development and the divestitures required hereunder.

DEFINITIONS

SEC. 3. (a) "Refinery" means a plant constructed or operated for the purpose of separating or converting liquid hydrocarbons to finished products or unfinished oils for further refining;

(b) "Finished products" means liquid hydrocarbon products used or useful without further processing other than mechanical blending for the production of energy for heating or as a source of mechanical power.

(c) "Crude oil" means a mixture of liquid or gaseous hydrocarbons that are produced from natural underground reservoirs, and which are liquid at atmospheric pressures after production.

(d) "Liquid hydrocarbons" means any liquid composed of hydrogen and carbon molecules, and includes such hydrocarbons derived from tar sands, oil shale or liquefaction of coal.

(e) "Company" means any business enterprise of any nature whatsoever, and shall include but not be limited to corporations, trusts, unincorporated associations, partnerships, and sole proprietorships.

(f) "Affiliate" means any company owned or controlled by another company, or which owns or controls another company, or is under common ownership or control with another company; where the terms "own" or "ownership" refer to ownership of a substantial interest, and the term "control" refers to control by stock interest, representation on the board of directors or similar governing body of the controlled company, or control by contract, agreement, or trust relationship with other stockholders, or otherwise.

(g) "Independent refiner" means a company operating a refinery of which not more than 25 per centum of the total input is derived from crude oil produced by or on behalf of such company or any affiliate of such company; and which sells at least half of the total of finished products produced in its refinery or refineries to companies not affiliated with it for resale at wholesale or retail under brands not owned or controlled by such refinery company.

(h) "Pipeline Company" means a company engaged in any way in the transportation of oil by pipeline or partly by pipeline.

DIVESTITURE OF PIPELINE FACILITIES

SEC. 4. Paragraph (8) of section 1 of the Interstate Commerce Act (49 U.S.C. 1(8)) is amended—

(1) by adding "(a)" immediately after (8) in such paragraph; and

(2) by adding at the end of such paragraph the following subparagraph to read as follows:

"(b) (1) It shall be unlawful for any pipeline company subject to this chapter to transport to, from, or within any State, territory, or the District of Columbia any crude oil or other liquid hydrocarbon, or any finished product, which is produced or manufactured by such pipeline company or any company which is an affiliate of such pipeline company."

DIVESTITURE OF PRODUCING FACILITIES

SEC. 5. After the date of enactment of this Act, except as specifically provided herein, no company operating a refinery, other than an independent refiner, shall at the same time own or control any interest of any nature whatsoever, directly or through any affiliate, in any company engaged in the exploration for, development of, or production of crude oil or other liquid hydrocarbons.

DIVESTITURE OF MARKETING FACILITIES

SEC. 6. After the date of enactment of this Act, except as specifically provided herein, no company operating a refinery, other than an independent refiner, shall at the same time own or control any interest of any nature whatsoever, directly or through any affiliate, in any company engaged in the marketing of finished products: *Provided, however*, That any such company may maintain and operate facilities for the sale and delivery of such finished products directly from a refinery.

DIVESTMENT PLANS AND FINANCIAL ACCOUNTING

SEC. 7. (a) The Securities and Exchange Commission, in accordance with such rules, regulations, or orders as it may deem necessary to promulgate to carry out the purposes of this Act, shall require companies holding ownership interests in facilities which are prohibited by this Act, to submit, within one year from the date of enactment of this Act, plans for the divestment of such ownership interests, whether represented by securities, or otherwise. If, after notice and opportunity for hearing, the Commission shall find such plan, as submitted or as modified by Commission order, necessary to effectuate the provisions of this Act and fair and equitable to the persons affected by it, the Commission by order shall approve such plan and shall thereafter take such action, by application to a court for appointment of a trustee, or receiver, or for such other order as may be necessary, to enforce such plan: *Provided, however*, That the Commission shall not approve any plan which will not substantially accomplish the necessary divestment on or before January 1, 1977.

(b) The Commission shall immediately prescribe rules and regulations governing the financial accounting of companies subject to this Act, to insure careful segregation of operations of such companies in each level of industry operation, separately calculating and reporting capital and operating costs, and profits, for operations relating to crude oil production, operation of each refinery, operation of pipelines, and operation of marketing facilities.

OPERATIONS PENDING DIVESTMENT

SEC. 8. Any company required by the terms of this Act to divest property or interests may continue to operate such property or interests under this Act for a period not to exceed one year from the date of enactment of this Act without submission of a plan or plans for divestment, and thereafter during the period required for consideration and approval by the Commission of a plan submitted, as herein provided. Such company shall, however, in no event continue to operate or control such property and interests after January 1, 1977.

VIOLATIONS

SEC. 9. If any company shall violate any of the provisions of this Act or any rule, regulation, or order issued hereunder, upon application of any Federal court by the United States, or any customer or competitor of such company or any person affected by such violation, such court shall order the forfeiture to the United States of the sum of $5,000 for each day such violation shall be found to have continued, and for payment of the costs and expenses of suit, including, if a private enforcement action, an informer's fee to be calculated in like manner to those provided by law relating to the collection of import duties or other taxes.

EXCERPTS FROM SENATOR NELSON'S REMARKS ON EDUCATIONAL TELEVISION, OCTOBER 14, 1971, WHA TELEVISION, WISCONSIN

Prior to government placing new restrictions on the activities of any segment of our society, there must be overwhelming evidence supporting the need for such action. In my opinion, years of congressional study have constructed a case for drastic steps to be taken in the area of retail distribution of gasoline and related products.

When this industry was in its infancy, the Congress discerned the obvious detrimental public consequences of the one man control which then existed. In 1911, the Supreme Court decided the Standard Oil case, which broke up the Standard Oil Trust. Since that time little has been done to insure that the benefits this action offered both to business and the public would remain effective.

Today the industry is one of the economic giants operating in this country. Some 225,000 retail outlets with annual sales in excess of $25 billion supply consumers with over 90 billion gallons of gasoline and other products. These figures represent staggering multiples of growth since 1911.

Through the years, as the demand for product increased, there has been a constant movement to a re-concentration of power within the industry. Today a mere handful of men, representing 11 oil companies, control the industry from the wellheads to the consumer. The court decision of 1911 has been effectively nullified. I think it is time the interests of the public and the retailer were again considered and new legislation enacted to restore competitive balance within the industry.

The Roosevelt Committee of the mid-50's; the Hart Committee, plus, a study by my staff spanning 4 years have produced a sorry picture of this industry, which enjoys a captive market for its product. It exhibits little regard for the well-being of its retailers. . . .

Time will not permit a full statement of the abuses uncovered within this industry, such as, short leases for retailers, unwarranted cancellations, artificially induced price variances, forced trinket "give aways", which are only beneficial to the oil companies; and on and on.

I think there is an answer to this problem. I have prepared a Bill for introduction in the Senate which will prohibit producers of gasolines from owning and operating retail outlets. The public will benefit from a system which will then provide for the free operation of the retail gasoline market, and 225,000 retailers will become true independent businessmen, with the opportunity to decide their own destinies.

The oil companies will doubtlessly issue a unanimous cry that such legislation is a blow to the free enterprise system. To them I say—it is designed to make that system work, not for the privileged few, but for the many independent businessmen who are now victims of a powerful oligarchy.

[From the Milwaukee Sentinel, Feb. 19, 1974]

SEEK LAW ON GAS STATION OWNERSHIP

MADISON, WIS.—A newly formed coalition of Wisconsin's 3,600 independent retail gasoline dealers has hired lobbyists to push legislation that would outlaw station ownership by major oil companies.

The coalition hired three Milwaukee attorneys who registered Monday as lobbyists for the Wisconsin Gasoline Dealers Co-ordinating Committee.

They immediately sought bipartisan support for their draft bill that would make it illegal for a major oil firm to own a retail outlet.

The attorneys, and several independent dealers, spent Monday in Madison meeting with aides to Gov. Lucey, and with state energy advisor Stanley York. They were hoping to meet soon with Atty. Gen. Robert W. Warren.

York and Lucey's legal counsel, David Hase, agreed in principle with the coalition that preservation of the independent retailer is the goal of state government.

The coalition is seeking amendments to the state's antitrust laws to prohibit station ownership, and it wants new contract laws to protect independent dealers from what the coalition members call harassment by the major firms.

Atty. Raymond Krueger told Hase that independents are being squeezed out of business by major oil firms that "arbitrarily terminate contracts" with the dealer.

"If this continues much longer, the oil companies will have achieved their goal—running the independents out of business,"

said Atty. William E. Glassner, Jr., another representative of the coalition.

The coalition is comprised of the Wisco Retail Gasoline Dealers Association, the Clark Oil Dealers Association and unorganized independent dealers.

The dealers want more contractual protection through state laws. They maintain that present law permits major firms to force them to purchase batteries, tires and accessories from the major firms at the prices the majors demand.

If they don't abide by the major company's demands they don't get gasoline, or they are harassed by other company threats, the dealers told Hase.

Hase said Lacey supports the preservation of the independent oil retailers, but he said he is not certain whether forcing the major firms out of the retail market is the answer.

The independent dealers said that major firms have closed 20% to 52% of the retail outlets selling their brands was a company owned station and that none of those closed was a company owned station.

Arthur Johnson, vice president of the retail dealers group, said one major firm closed 9 of 13 outlets in Madison recently, all independent owner operated.

[From the Washington Post, Feb. 24, 1974]

REFINERY DIVESTITURE URGED

(By Morton Mintz)

Putting some of the blame for high fuel prices and inadequate refinery capacity on a lack of competition among the nation's eight largest oil companies, the Federal Trade Commission staff is seeking to force them to sell 40 to 60 percent of their refinery capacity.

Ten to 13 new firms would be formed to buy the divested refineries, under a tentative proposal by the FTC's Bureau of Competition.

If the industry had been organized "to depend upon free markets, it is doubtful that the present shortage of refinery capacity would have arisen," the staff said.

In addition to the refinery divestiture, the bureau said, the newly formed firms also should acquire pipelines owned by the oil companies, as well as the joint-venture pipelines.

The proposal is the first specific disclosure of the relief sought by the bureau to satisfy the antitrust complaint it filed July 17 against the companies—Exxon, Texaco, Gulf, Mobil, Standard of California, Standard of Indiana, Shell and Atlantic Richfield.

All of the companies have said they are innocent of the FTC staff's charge that they have joined at least since 1950 to monopolize refining and to maintain a noncompetitive structure of refining in "the relevant market"—the East and Gulf coasts, and parts of the mid-continent.

The proposed remedies would bring consumers "significant benefits" by imposing competition "where it has been present only rarely," the staff contended.

Its recommendations are in a 141-page "pre-discovery statement" filed Friday with Administrative Law Judge Donald R. Moore, who will hold a hearing and make a recommendation to the commission.

The proceeding is certain to go into the courts. A final decision by the Supreme Court is believed to be eight to 10 years off.

The proposed divestitures would make the new refinery firms "viable and independent," because they would have the assured access to major pipelines needed in a competitive market, the staff statement said.

Moreover, the statement said, divestiture would encourage efficient independent marketers to expand because their sources of supply would be safe.

"If consumers choose to have more low-priced gasoline without amenities, their demand will encourage independents to buy more from a genuine market," the bureau said.

It also asked for a ban on future refinery acquisitions by the eight companies, in addition to a limit on their joint ventures and on their exchanges of crude oil and petroleum products.

Through "common courses of action," the defendants opposed the refinery that Occidental Petroleum wanted to build for New England in Machiasport, Maine, in 1960, the statement said.

The statement, signed by staff counsel Robert E. Liedquist, said the eight companies—each integrated from the wellhead to the gas pump—are so interdependent that "in virtually every facet of their operation, they have common rather than competitive interests."

For example, the staff said, all but ARCO and Standard of Indiana are partners in the Iranian Oil Consortium and, in addition, are members of other joint international ventures in the Middle East. Thus, each is the others' "confidant" and has "a solid community of interest . . . which fosters cooperation rather than competition," the statement said.

Moreover, the staff said, the eight firms are, "to some extent . . . commonly rather than independently owned." The statement cited a "suggestive" example: "Chase Manhattan Bank, through various nominess, is both the largest shareholder in Atlantic Richfield and the second largest shareholder of Mobil. Clearly it is not in Chase Manhattan's interest to promote vigorous competition between them."

Ties between the banks and the eight companies are so strong that they "enjoy an identity of interest," the staff said. Competitors find it difficult to get financing for refineries because the major New York City banks do not want to "jeopardize" their own investments, the staff said. A refinery with a daily capacity of 250,000 barrels costs up to 600 million.

"Investment decisions are made together by firms in joint ventures," the staff continued. "Loans are sought from financial institutions on whose boards . . . there are representatives of other petroleum companies. Even in their political and public relations activities the major firms act in unison.

"In short," the staff concluded, "at no point in their operation do respondents engage in genuinely independent behavior. Rather, an intense awareness of a community of interest characterizes all of their activities and multiplies the impact of their concentration into monopoly power."

[From the Wall Street Journal, Feb. 25, 1974]

FTC STAFF URGES BIG OIL FIRMS' DIVESTITURE OF 40 TO 60 PERCENT OF REFINERIES, ALL PIPELINES

(By Mitchell C. Lynch)

WASHINGTON.—A special staff report by the Federal Trade Commission recommends that eight of the nation's largest oil companies be forced to divest themselves of 40% to 60% of their refining operations.

The report was filed by the FTC staff to buttress its complaint against the companies that they have monopoly control of the nation's oil industry. This stranglehold, the report says, is directly linked to the current fuel shortage and is causing higher prices for nearly all types of fuel, including gasoline.

Named in the original complaint issued last summer were Exxon Corp., New York; Texaco Inc., New York; Gulf Oil Corp., Pittsburgh; Mobil Oil Corp., New York; Standard Oil Co. of California, San Francisco; Standard Oil Co. (Indiana), Chicago; Shell Oil Co., Houston, and Atlantic Richfield Co., New York. All companies previously have denied the charges.

The 14-page report further recommends that these companies be forced to give up control of all their pipelines. The refining operations and pipeline facilities would be divested to 10 to 13 "new" companies that would be spun off from the oil companies, the report recommends. It adds that provision should be established to make sure the oil companies wouldn't have any control of the new pipeline companies.

INEFFICIENT, COSTLY OPERATIONS CITED

The report, for the first time, lists specifically what the FTC staff wants done to end what it says is a monopoly setup that for years has maintained strong barriers against any competition. Shielding themselves from outside interference, these companies have been able to operate both inefficiently and at unwarranted expenses to consumers, the report charges.

The report was turned over to an FTC administrative law judge as part of legal proceedings that are expected to take years to complete. If the FTC judge agrees with the complaint, he would make a recommendation for action with the Federal Trade Commissioners. If the commissioners follow the administrative judge's ruling, the oil companies could take their appeals to the courts.

Not only do the companies work at close ranks with each other, the staff report continued, but they bring major financial institutions into their bailiwick to help their cause.

For example, the report says Chase Manhattan Bank "is both the largest shareholder in Atlantic Richfield and the second largest shareholder in Mobil." The upshot: "Clearly it isn't in Chase Manhattan's interest to promote vigorous competition between them," the report says. (Large banks have steadfastly denied they influence company policies through their trust-fund holdings.)

The chief way the companies block competition is to keep crude-oil prices "artificially high," the report says. To these companies, which control exploration, pumping, piping, refining and sales, high crude prices are "merely bookkeeping transfers" that are passed on to the consumer in the form of higher fuel prices.

However, to any independent company, higher crude prices mean "out of pocket costs," the report claims. "Consequently, refining has been rendered less attractive" to smaller companies thinking of getting into the oil-processing business.

ENERGY CRISIS AS AN EXAMPLE

The current fuel squeeze "dramatically illustrates" the "ills" of the oil-company setup, the report asserts. Forcing the companies to make the divestitures "will work to prevent the recurrence of the present shortage of refinery capacity," the report says.

What's more, the report says, "The consumer pays twice" because of the companies' market power, "both directly in the form of higher prices and indirectly in that society's resources aren't allocated in the most efficient manner."

The companies have full say on prices because they control production, pipelines and "international crude oil." This power is bolstered by "their exploitation of state and federal legislation, particularly state prorationing laws and the oil import quota." This enables companies to prevent any increase in supply from upsetting their posted prices.

An example of the companies' muscle, the report says, was their successful move to block construction of a refinery to be built by Occidental Petroleum Corp. in Machiasport, Maine, in 1960. That refinery was designed to provide petroleum products for the New England area, which currently is being hard hit by the fuel shortage.

SUMMARY OF FREE ENTERPRISE IN PETROLEUM ACT OF 1974

Section 1 contains the short title of the measure.

Section 2 recites detailed findings by the Congress concernings: the applicability of a section of the Interstate Commerce Act—which divorces the business of transporting by railroad, commodities in interstate commerce from their manufacture—to the petroleum industry; the present highly concentrated organization of the industry, its effect frustrating the national policy in several areas; the policy of competitive free enterprise capitalism generally; energy policy provisions for an ample supply of petroleum products at reasonable costs in interstate and foreign commerce; in carrying out foreign policy in important areas; and in maintaining the stability and purchasing power of the United States currency. This Section also finds that it is therefore essential to reorganize the petroleum industry in such a manner as to make possible effective policy decisions in these areas while at the same time protecting the interests of investors.

Section 2 defines the critical terms used in the legislation. Particularly, it defines the term "affiliate" of a company as including parents, subsidiaries or companies under common control with such companies, whether such relationship is established by ownership, direct or indirect interlocking directorates, by contract or by any other means. It also specifically defines an "independent refiner," a company excepted from the divestment provisions of other sections of the Act, as a company operating a refinery of which not more than 25% of the total input is derived from crude oil produced by or for such refiner or any affiliate, and which sells at least half of its total finished products through other than owned or controlled marketing facilities.

Section 4 prohibits integration into pipeline transportation. This is accomplished by an amendment to the Interstate Commerce Act to prohibit any common carrier pipeline from transporting crude oil, other liquid hydrocarbons, or finished products, if the commodity transported is owned by the pipeline or any affiliate. This provision is similar to the "commodities clause" provision of the Interstate Commerce Acts imposing limitations on railroads, and is in form an amendment to that provision.

Section 5 prohibits any company operating a refinery, other than an independent refiner, from owning or controlling any interest in exploration for, development of or production of crude oil or other liquid hydrocarbons, including synthetics.

Section 6 is a similar prohibition relating to marketing facilities, forbidding any company operating a refinery, other than an independent refiner, from owning, controlling or operating facilities for the sale of finished products, other than those facilities necessary for sale of produce directly from the refinery.

Section 7 makes provision for procedures to accomplish the divestment of properties which would otherwise be held in violation of the provisions of the Act. As with public utility holding companies, the Securities and Exchange Commission is given authority to receive and consider divestment plans filed by integrated companies. If the Commission finds such plan as submitted, or as modified by the Commission, to be fair and equitable in its protection of investor interests, and to be in accord with the purposes of the Act, it is authorized to approve the plan and direct its implementation. Pending approval of any plan, however, the Commission is directed to prescribe rules and regulations for petroleum company accounting which will effectively segregate the costs, both capital and operating, and the profits, which are appropriately allocable to each level of company operation.

Section 8 makes necessary allowance for operations during the period before divestiture can be accomplished. It permits companies otherwise subject to the prohibitions of Section 5 and 6 of the Act to continue operations for one year prior to the filing of an appropriate divestment plan with the Securities and Exchange Commission, and thereafter during the period required for the consideration, approval and effectuation of such a plan by the Commission.

Section 9 imposes penalties for the violation of the Act, to consist of a forfeiture of $5,000 for each day a company is in violation. It also provides that this forfeiture can be declared by application to a United States District Court at the request of the United States or any customer or competitor of the company, or of any other person affected by the violation. In the event suit is brought by private interests, an appropriate informer's fee is to be paid, calculated as are those fees allowable in customs or tax matters. Costs and expenses of suit are also to be allowed a successful private party.

TRADE WITH THE SOVIET UNION AND RHODESIA

Mr. HARRY F. BYRD, JR. Mr. President, like many Americans, the Richmond Times-Dispatch, a newspaper published in the city of Richmond, Va., is deeply concerned over the dual standard employed by the State Department. The Times-Dispatch editorial of Wednesday, April 3, 1974, entitled "No and Yes," discusses the matter of trade with two nations and the attitude of the State Department. The two nations are the Soviet Union and Rhodesia.

The State Department advocates trade concessions to Soviet Russia and this very same State Department advocates an embargo on trade with Rhodesia.

This embargo on trade with Rhodesia is advocated even though such an embargo would mean that the United States would become dependent on Communist Russia for a vital war material; namely, chrome. All of U.S. needs must be imported.

There are only three nations in the world with large deposits of chromium and those nations are Rhodesia, South Africa, and Russia. The largest of all the deposits are in Rhodesia.

When Rhodesian chrome is embargoed, that means that the United States must rely for the largest part of its chrome needs upon Russia; yet, it is because of Russia, it is because of the potential threat to world peace posed by Russia, that the American taxpayers are spending some $80 billion a year for defense.

Thus, to many Americans, the attitude of the State Department makes little sense. It says on the one hand that we want to embargo trade with Rhodesia, which by no conceivable stretch of the imagination can be considered a threat to world peace but, on the other hand, we want to give special trade concessions to Soviet Russia which we all recognize is a potential threat to world peace.

Incidentally, I put this question to Secretary of State Kissinger when he appeared to testify before the Committee on Finance.

I said this to him:

In your judgment, is Rhodesia a threat to world peace?

Secretary Kissinger's reply was one word, "No."

Mr. President, I ask unanimous consent to have the editorial from the Richmond Times-Dispatch printed in the RECORD. The editor of the editorial page is Edward Grimsley. The chairman and publisher is David Tennant Bryan.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

NO AND YES

In determining its official views toward other countries, should the United States be decisively influenced by their domestic characteristics and internal governmental policies? Well, no and yes. "No" in the case of the Soviet Union but "yes" in the case of tiny Rhodesia. This, in effect, is what Secretary of State Henry A. Kissinger admitted to the Senate Finance Committee recently in response to a series of piercing questions from Virginia Sen. Harry F. Byrd, Jr.

Mr. Kissinger had appeared before the committee to support a trade bill that would give most favored nation treatment to Russia, a concession opposed by some congressmen who object to the Soviet Union's refusal to permit its Jewish citizens to emigrate more freely. Calling the concession a "practical necessity," the secretary argued that Russia's internal policies should not be a decisive factor in the formulation of Soviet-American trade arrangements.

At that point, Mr. Kissinger found himself in a trap skillfully set by Senator Byrd. As all Americans should be, the senator is offended by the duplicitous attitudes of those—including the Nixon administration—who simultaneously favor trade concessions for Russia, one of the world's most oppressive dictatorships and a continuing menace to international peace, and a trade embargo against Rhodesia, which is a threat to no other country. Sponsored by the United Nations, the embargo was conceived as punishment against Rhodesia primarily because of its internal racial policies. Having heard the secretary of state insist that Russia's internal affairs should not influence American policy toward the Soviet Union, Senator Byrd was eager to hear his justification for support of the embargo against Rhodesia.

"You recognize our action in embargoing trade with Rhodesia as being just?" Senator Byrd asked Mr. Kissinger.

"Yes."

"Do you regard the Soviet Union as being governed by a tight dictatorship, by a very few persons over a great number of individuals?" Senator Byrd continued.

"I consider the Soviet Union, yes, as a dictatorship of an oligarchic nature, that is, of a small number of people in the Politburo," replied Mr. Kissinger.

"In your judgment, is Rhodesia a threat to world peace?"

"No," answered Mr. Kissinger.

"In your judgment, is Russia a potential threat to world peace?"

'I think,'" said the secretary, "the Soviet Union has the military capacity to disturb the peace, yes."

"In your judgment, does Russia have a more democratic government than Rhodesia?"

"No," Mr. Kissinger conceded.

One can almost see the secretary squirming in the witness chair. As the questioning continued, Mr. Kissinger finally offered a flimsy excuse for the embargo. It was not motivated by Rhodesia's internal policies, he said, so much as by "the fact that a minority has established a separate state . . ."

"Well, then," Senator Byrd concluded, 'you say it is because Rhodesia seeks to establish her own government. Is that not what the United States did in 1776?'"

Despite Mr. Kissinger's efforts to find other reasons to justify the boycotting

against Rhodesia, the truth is that it *was* inspired by foreign disapproval of Rhodesia's internal racial policies. Though blacks constitute an overwhelming majority of Rhodesia's population, its government is controlled by whites and is accused of pursuing discriminatory policies against blacks. But many of the very same people who castigate the Rhodesian government for its racial policies endorse diplomatic and economic intimacy with Russia, which keeps *all* of its people under the brutal heel of totalitarianism.

Whether Rhodesia's internal policies are good or bad, they are Rhodesia's own business. Besides, if "practical necessity" is, as Mr. Kissinger suggested, a paramount factor in shaping American foreign policy, there is one compelling practical reason the United States should not support an embargo against Rhodesia. It is a major source of chrome, a metal vital to the American defense industry in particular and to our domestic economy in general. Denied Rhodesian chrome as a result of the embargo, we become dependent upon—of all nations—Russia, the major potential threat to America's survival.

THE PANAMA CANAL

Mr. HARRY F. BYRD, JR. Mr. President, the Virginia Legislature has adopted a resolution urging the Congress of the United States to—

Reject any encroachment upon the sovereignty of the United States of America over the Panama Canal and insist that the terms of the Hay-Bunau-Varilla Treaty of 1903 as subsequently amended be adhered to and retained.

The patrons of this resolution are Senators Barnes of Tazewell County; Campbell of Hanover County; Means of Caroline County; and Willey of Richmond city. Senator Willey, incidentally, is the President pro tempore of the Virginia Senate—and the senior member of that body.

Senators Hopkins of Roanoke city; Aldhizer of Rockingham County; Buchanan of Wise County; Canada of Virginia Beach; Burruss of Lynchburg; Truban of Shenandoah County; Anderson of Halifax County; Thornton of Salem; Goode of Franklin County; Townsend of Chesapeake; Warren of Bristol; Parkerson of Henrico County; and Michael of Charlottesville.

The resolution was agreed to by the Senate on February 22, 1974, and by the House of Delegates on March 8, 1974.

I applaud the action of the Virginia Legislature. In my judgment, this represents the thinking of the people of Virginia.

It is unfortunate that the State Department seems determined to give away U.S. sovereignty over the Panama Canal, which sovereignty was obtained in perpetuity by treaty 71 years ago.

The Secretary of State in a ceremony in Panama recently encouraged the Panamanians to believe that the United States is committed to a change in the treaty which would eliminate U.S. sovereign perpetuity.

If the State Department had its way, such would happen.

But any change in the current treaty with Panama must be submitted to the Senate for approval.

The Senate, in my judgment, will not approve such a change as has been agreed to by Secretary Kissinger.

It is important to note that a resolution has been signed by 34 Senators, pledging that they will not support such a proposal.

That means that any such proposal is dead, because any change in the treaty with Panama requires a two-thirds vote. I submit that this body will not vote by a two-thirds majority to give away the Panama Canal.

I believe that the State Department is out of touch with reality when it believes the Senate will give two-thirds approval to changing a treaty to eliminate U.S. sovereignty over the Panama Canal.

It seems to me, Mr. President, that the sooner the Panamanians understand this, the better off both countries will be.

QUORUM CALL

Mr. HARRY F. BYRD, JR. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. CRANSTON). The clerk will call the roll.

The legislative clerk called the roll.

Mr. CLARK. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

FEDERAL ELECTION CAMPAIGN ACT AMENDMENTS OF 1974

The Senate continued with the consideration of the bill (S. 3044) to amend the Federal Election Campaign Act of 1971 to provide for public financing of primary and general election campaigns for Federal elective office, and to amend certain other provisions of law relating to the financing and conduct of such campaigns.

AMENDMENT NO. 1067

Mr. CLARK. Mr. President, I call up my amendment No. 1067.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. CLARK. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

On page 3, beginning with line 6, strike out through line 4 on page 25 and insert in lieu thereof the following:

"TITLE V—PUBLIC FINANCING OF FEDERAL ELECTION CAMPAIGNS

"DEFINITIONS

"SEC. 501. When used in this title—

"(1) 'candidate' means an individual who seeks nomination for election, or election, to Federal office, whether or not he is elected, and, for purposes of this paragraph, an individual seeks nomination for election, or election, if he (A) takes the action necessary under the law of a State to qualify himself for nomination for election, or election, to Federal office, (B) receives contributions or makes expenditures, or (C) gives his consent for any other person to receive contributions or make expenditures for the purpose of bringing about his nomination for election, or election, to such office;

"(2) 'Commission' means the Federal Election Commission established under section 502;

"(3) 'contribution'—

"(A) means a gift, subscription, loan, advance, or deposit of money or anything of value, made for the purpose of—

"(i) influencing the nomination for election, or election, of any person to Federal office or as a Presidential or Vice-Presidential elector; or

"(ii) influencing the result of a primary election held for the selection of delegates to a national nominating convention of a political party or for the expression of a preference for the nomination of persons for election to the office of President;

"(B) means a contract, promise, or agreement, whether or not legally enforceable, to make a contribution for any such purpose;

"(C) means a transfer of funds between political committees; and

"(D) means the payment, by any person other than a candidate or political committee, of compensation for the personal services of another person which are rendered to such candidate or committee without charge for any such purpose; but

"(E) does not include—

"(i) (except as provided in subparagraph (D)) the value of personal services rendered to or for the benefit of the candidate by an individual who receives no compensation from any person for rendering such service;

"(ii) payments under section 509;

"(iii) newsstories, commentaries, and editorials on broadcast stations or in newspapers, magazines, and other periodical publications (other than a publication of a political party, a political committee as defined in section 591(d) of title 18, United States Code, a candidate or an agent of any of the foregoing); non-partisan registration and get-out-the-vote activity; communications by an established membership organization (other than a political party) to its members, or by a corporation (not organized for purely political purposes) to its stockholders;

"(4) 'expenditure' means—

"(A) a purchase, payment, distribution, loan, advance, deposit, or gift of money or anything of value, made for the purpose of—

"(i) influencing the nomination for election, or election, of any person to Federal office, or as a Presidential and Vice-Presidential elector; or

"(ii) influencing the result of a primary held for the selection of delegates to a national nominating convention of a political party or for the expression of a preference for the nomination of persons for election to the office of President;

"(B) a contract, promise, or agreement, whether or not legally enforceable, to make an expenditure; and

"(C) a transfer of funds between political committees;

"(5) 'Federal office' means the office of President of the United States or of Senator or Representative in the Congress of the United States;

"(6) 'general election' means any election, including special elections, held for the election of a candidate to Federal office;

"(7) 'major party' means a political party which, in the preceding general election nominated a candidate who—

"(A) received, as the candidate of that party, 25 percent or more of the total number of popular votes cast for all candidates for election to that office; or

"(B) received, as the candidate of that party, the largest number or second largest number of popular votes cast for any candidate for election to that office;

"(8) 'minor party' means a political party which is not a major political party;

"(9) 'political party' means a committee,

association, or organization the primary purpose of which is to select and to support individuals who seek election to Federal, State, and local office as the candidate of that committee, association, or organization;

"(10) 'primary election' means (A) an election, including a runoff election, held for the nomination of a candidate for election to Federal office, (B) a convention or caucus of a political party held for the nomination of such a candidate, (C) an election held for the selection of delegates to a national nominating convention of a political party, and (D) an election held for the expression of a preference for the nomination of persons for election to the office of President;

"(11) 'Representative' includes Delegates or Resident Commissioners to the Congress of the United States; and

"(12) 'State' means each State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and any territory or possession of the United States.

"FEDERAL ELECTION COMMISSION

"SEC. 502. (a) (1) There is established, as an independent establishment of the executive branch of the Government of the United States, a commission to be known as the Federal Election Commission.

"(2) The Commission shall be composed of seven members who shall be appointed by the President by and with the advice and consent of the Senate. Of the seven members—

"(A) two shall be chosen from among individuals recommended by the President pro tempore of the Senate, upon the recommendations of the majority leader of the Senate and the minority leader of the Senate; and

"(B) two shall be chosen from among individuals recommended by the Speaker of the House of Representatives, upon the recommendations of the majority leader of the House and the minority leader of the House. The two members appointed under subparagraph (A) shall not be affiliated with the same political party; nor shall the two members appointed under subparagraph (B). Of the three members not appointed under such subparagraphs, no more than two shall be affiliated with the same political party.

"(3) Members of the Commission shall serve for terms of seven years, except that, or the members first appointed—

"(A) two of the members not appointed under subparagraph (A) or (B) of paragraph (2) shall be appointed for terms ending on the April 30th first occurring more than six months after the date on which they are appointed;

"(B) one of the members appointed under paragraph (2) (A) shall be appointed for a term ending one year after the April 30 on which the term of the member referred to in subparagraph (A) of this paragraph ends;

"(C) one of the members appointed under paragraph (2) (B) shall be appointed for a term ending two years thereafter;

"(D) one of the members not appointed under subparagraph (A) or (B) of paragraph (2) shall be appointed for a term ending three years thereafter;

"(E) one of the members appointed under paragraph (2) (A) shall be appointed for a term ending four years thereafter; and

"(F) one of the members appointed under paragraph (2) (B) shall be appointed for a term ending five years thereafter.

"(4) Members shall be chosen on the basis of their maturity, experience, integrity, impartiality, and good judgment. A member may be reappointed to the Commission only once.

"(5) An individual appointed to fill a vacancy occurring other than by the expiration of a term of office shall be appointed only for the unexpired term of the member he succeeds. Any vacancy occurring in the office of a member of the Commission shall be filled in the manner in which that office was originally filled.

"(6) The Commission shall elect a Chairman and a Vice Chairman from among its members for a term of two years. The Chairman and the Vice Chairman shall not be affiliated with the same political party. The Vice Chairman shall act as Chairman in the absence or disability of the Chairman, or in the event of a vacancy in that office.

"(b) A vacancy in the Commission shall not impair the right of the remaining members to exercise all the powers of the Commission and four members thereof shall constitute a quorum.

"(c) The Commission shall have an official seal which shall be judicially noticed.

"(d) The Commission shall at the close of each fiscal year report to the Congress and to the President concerning the action it has taken; the names, salaries, and duties of all individuals in its employ and the money it has disbursed; and shall make such further reports on the matters within its jurisdiction and such recommendations for further legislation as may appear desirable.

"(e) The principal office of the Commission shall be in or near the District of Columbia but it may meet or exercise any or all its powers in any State.

"(f) The Commission shall appoint a General Counsel and an Executive Director to serve at the pleasure of the Commission. The General Counsel shall be the chief legal officer of the Commission. The Executive Director shall be responsible for the administrative operations of the Commission and shall perform such other duties as may be delegated or assigned to him from time to time by regulations or orders of the Commission. The Commission shall not delegate the making of regulations regarding elections to the Executive Director.

"(g) The Commission may obtain the services of experts and consultants in accordance with section 3109 of title 5, United States Code.

"(h) In carrying out its responsibilities under this title, the Commission shall, to the fullest extent practicable, avail itself of the assistance, including personnel and facilities, of the General Accounting Office and the Department of Justice. The Comptroller General and the Attorney General are authorized to make available to the Commission such personnel, facilities, and other assistance, with or without reimbursement, as the Commission may request.

"(i) The provisions of section 7324 of title 5, United States Code, shall apply to members of the Commission notwithstanding the provisions of subsection (d) (3) of such section.

"(j) (1) When the Commission submits any budget estimate or request to the President or the Office of Management and Budget, it shall concurrently transmit a copy of that estimate or request to the Congress.

"(2) Whenever the Commission submits any legislative recommendations, or testimony, or comments on legislation requested by the Congress or by any Member of Congress to the President or the Office of Management and Budget, it shall concurrently transmit a copy thereof to the Congress or to the Member requesting the same. No officer or agency of the United States shall have any authority to require the Commission to submit its legislative recommendations, or testimony, or comments on legislation, to any officer or agency of the United States for approval, comments, or review, prior to the submission of such recommendations, testimony, or comments to the Congress.

"(k) In verifying signatures on petitions required under this title, the Commission shall avail itself of the assistance, including personnel and facilities, of State and local governments to the extent those governments have already established programs to verify signatures on petitions. The Commission may make agreements with State and local governments to reimburse those governments for such assistance.

"POWERS OF COMMISSION

"SEC. 503. (a) The Commission shall have the power—

"(1) to make, pursuant to the provisions of chapter 5 of title 5, United States Code, any rules necessary to carry out its functions under this Act, including rules defining terms used in this Act and rules establishing procedures for gathering and certifying signatures on petitions required under this title;

"(2) to make rules governing the manner of its operations, organization, and personnel;

"(3) to require, by special or general orders, any person to submit in writing reports and answers to questions the Commission may prescribe; and those reports and answers shall be submitted to the Commission within such reasonable period and under oath or otherwise as the Commission may determine;

"(4) to administer oaths;

"(5) to require by subpena, signed by the Chairman or the Vice Chairman, the attendance and testimony of witnesses and the production of all documentary evidence relating to the execution of its duties;

"(6) in any proceeding or investigation, to order testimony to be taken by deposition before any person designated by the Commission who has the power to administer oaths, and to compel testimony and the production of evidence in the same manner as authorized under paragraph (5) of this subsection;

"(7) to pay witnesses the same fees and mileage as are paid in like circumstances in the courts of the United States;

"(8) to initiate (through civil proceedings and through presentations to Federal grand juries), prosecute, defend, or appeal any court action in the name of the Commission for the purpose of enforcing the provisions of this title and of sections 602, 608, 610, 611, 612, 613, 614, 615, 616, and 617 of title 18, United States Code, and to recover any amounts payable to the Secretary of the Treasury under section 510, through its General Counsel; and

"(9) to delegate any of its functions or powers, other than the power to issue subpenas under paragraph (5) to any officer of the Commission.

"(b) Any United States district court within the jurisdiction of which any inquiry is carried on, may, upon petition by the Commission—

"(1) in case of refusal to obey a subpena or order of the Commission issued under subsection (a) of this section, issue an order requiring compliance therewith; and any failure to obey the order of the court may be punished by the court as a contempt thereof; and

"(2) upon the request of the Commission, convene a special Federal grand jury to investigate possible violations of this Act.

"(c) No person shall be subject to civil liability to any person (other than the Commission or the United States) for disclosing information at the request of the Commission.

"(d) Notwithstanding any other provision of law, the Commission shall be the primary civil and criminal enforcement agency for violations of the provisions of this title, and of sections 602, 608, 610, 611, 612, 613, 614, 615, 616, and 617 of title 18, United States Code. The Attorney General shall prosecute violations of this Act or those sections of title 18 only upon the request of the Commission.

"(e) Upon application made by any individual holding Federal office, any candidate, or any political committee, the Commission, through its General Counsel, shall provide, within a reasonable period of time, an advisory opinion whether any specific transaction or activity may constitute a violation of any provision of this title or of any provision of title 18, United States Code, over which the Commission has primary jurisdiction under subsection (d).

"ELIGIBILITY FOR FINANCING

"SEC. 504. (a) Each political party and candidate shall—

"(1) agree to obtain and to furnish to the Commission any evidence it may request about the expenditures by that party or candidate;

"(2) agree to keep and to furnish to the Commission any records, books, and other information it may request; and

"(3) agree to an audit and examination by the Commission under section 509 and to pay any amounts required under section 509.

"(b) Each political party and candidate shall certify to the Commission that—

"(1) the candidate will not incur expenditures greater than the limitations in section 506; and

"(2) no contributions greater than the limitations on contributions in section 615 of title 18, United States Code, have been or will be accepted by the party or candidate.

"(c) To be eligible to have the Commission make any payments under section 508, a candidate shall file all agreements and certifications required under subsections (a) and (b) with the Commission before the date of the relevant election at the time required by the Commission.

"(d) To be eligible to have the Commission make any payments in connection with a major party primary election campaign under section 508, a candidate who seeks the nomination of that party must in addition to the requirements of subsection (c), file with the Commission not later than two hundred and ten days before the date of that primary election—

"(1) a declaration that the candidate is seeking the nomination of a named major party for election to the office of Representative and a petition in support of his candidacy signed by a total number of people in excess of 2 per centum of the voting age population (as certified under section 506(f)) of the congressional district in which he seeks election; or

"(2) a declaration that the candidate is seeking the nomination of a named major party for election to the office of Representative in a State which is entitled to only one Representative, to the office of Senator, to the office of Vice President, or to the office of President, and a petition in support of his candidacy signed by a total number of people in excess of 1 per centum of the voting age population (as certified under section 506 (f)) of the geographic area in which the primary election for that office is held.

"(e)(1) No candidate is eligible under subsection (d) until the Commission verifies that the petition filed by the candidate meets the requirements of subsection (d) and that—

"(A) the signatures on the petition are valid;

"(B) the individuals who signed the petition are eighteen years of age or older;

"(C) the individuals who signed the petition live in the geographic area in which the general election for the office the candidate seeks is held or are qualified to vote in the primary election under the laws of the State in which that election is held; and

"(D) no individual who signed the petition has signed a petition required under this section of any other candidate for the same office.

"(2) The Commission shall approve or disapprove any petition filed under this subsection not later than one hundred and eighty days before the date of the primary election in connection with which that petition is filed.

"(f) To be eligible to have the Commission make any payments under section 508, a political party must, in addition to the requirements of subsection (c), file with the Commission, at the time and in the manner the Commission prescribes by rule, a declaration that the political party will nominate candidates who will actively campaign for election in the next regular general election.

"ENTITLEMENTS

"SEC. 505. (a)(1) A candidate who is eligible for Federal financing of his campaign under section 504 is entitled to payment by the Commission of expenditures he incurs in connection with his campaign for nomination by a major political party.

"(2) No candidate who seeks the nomination of a major party is entitled to payment of his expenditures by the Commission under this subsection in excess of an amount which is equal to the amount the candidate is permitted to incur in connection with his primary election campaign under section 506 (a)(1) or (b), as applicable.

"(b)(1) Every candidate nominated by a political party who is eligible for Federal financing of his campaign under section 504 is entitled to payment by the Commission of expenditures he incurs in connection with his general election campaign.

"(A) No candidate of a major party is entitled to payment of his expenditures by the Commission under this subsection in excess of an amount which is equal to the amount the candidate is permitted to incur in connection with his campaign for election under section 506(a)(2) or (b).

"(B) No candidate of a minor party is entitled to payment of his expenditures by the Commission under this subsection in excess of an amount which is equal to the greater of—

"(i) an amount which bears the same ratio to the amount of payments to which a candidate of a major party for the same office is entitled under this subsection as the total number of popular votes received by the candidate of that minor party for that office in the preceding general election bears to the average number of popular votes received by the candidate of a major party for that office in the preceding general election; or

"(ii) an amount which bears the same ratio to the amount of payments to which a candidate of a major party for the same office is entitled under this subsection as the total number of popular votes received by the candidate in the current general election bears to the average number of popular votes received by the candidate of a major party for that office in the current general election.

"(2)(A) Every independent candidate who is eligible for Federal financing of his campaign under section 504 is entitled to payment by the Commission of expenditures he incurs in connection with his general election campaign.

"(B) No independent candidate is entitled to payment of his expenditures by the Commission under this subsection in excess of an amount which is equal to the greater of—

"(i) an amount which bears the same ratio to the amount of payment to which a candidate of a major party for the same office is entitled under this subsection as the total number of popular votes received by the independent candidate as a candidate for that office in the preceding general election bears to the average number of popular votes received by the candidate of a major party for that office in the preceding general election; or

"(ii) an amount which bears the same ratio to the amount of payment to which a candidate of a major party for the same office is entitled under this subsection as the total number of popular votes received by the independent candidate in the current general election bears to the average number of popular votes received by the candidate of a major party for the same office in the current general election.

"(c) A minor party candidate or an independent candidate who (1) was the candidate of a major party for the same office in the preceding general election, (2) received the largest or second largest number of popular votes cast for a candidate for that office in the preceding general election, or (3) received more than 25 per centum of the total number of popular votes cast in the preceding general election for that office shall be considered to be the candidate of a major party for purposes of this section.

"(d)(1) Every political party which is eligible for Federal financing under section 504 is entitled to payment by the Commission of expenditures it incurs in connection with Federal election activities such as voter registration drives, get-out-the-vote drives, and nominating conventions.

"(2) No political party is entitled to payment of its expenditures by the Commission under this subsection in excess of—

"(A) 20 per centum of the amount of payment by the Commission to which the Presidential candidate of that party is entitled under subsection (b), in any year in which a regular quadrennial Presidential election is held; or

"(B) 15 per centum of the amount of payment by the Commission to which the Presidential candidate of that party is entitled during a regular quadrennial Presidential election year under subsection (b) in any other year.

"(e) Notwithstanding the provisions of subsection (b), no minor party candidate or independent candidate is entitled to payment by the Commission of any expenditures under this section which, when added to the total amount of contributions received by him in connection with his campaign, exceed the amount of expenditures he may incur in connection with that campaign under the provisions of section 506.

"EXPENDITURE LIMITATIONS

"SEC. 506. (a)(1) Except to the extent that such amounts are changed under subsection (e), no candidate, other than a candidate for the office of President, may incur any expenditure in connection with his primary election campaign in excess of—

"(A) in the case of a candidate who seeks nomination for election to the office of Senator, the greater of—

"(i) 15 cents multiplied by the voting age population (as certified under subsection (f)) of the State in which he seeks nomination for election; or

"(ii) $175,000;

"(B) in the case of a candidate who seeks nomination for election to the office of Representative—

"(i) 25 cents multiplied by the voting age population (as certified under subsection (f)) of the congressional district in which he seeks nomination for election; or

"(ii) the limitation under subparagraph (A) if the State in which he seeks nomination is entitled to only one Representatve.

"(2) Except to the extent that such amounts are increased under subsection (e) no candidate, other than a candidate for election to the office of President, may incur any expenditure in connection with his general election campaign in excess of—

"(A) in the case of a candidate who is seeking election to the office of Senator, the greater of—

"(i) 20 cents multiplied by the voting age population (as certified under subsection (f)) of the State in which he seeks election; or

"(ii) $250,000;

"(B) in the case of a candidate who is seeking election to the office of Representative—

"(i) 30 cents multiplied by the voting age population (as certified under subsection (f)) of the State in which he seeks election; or

"(ii) the limitation under subparagraph (A) if the State in which he seeks election is entitled to only one Representative.

"(b)(1) No candidate for nomination for

election, to the office of President may incur with his campaign in excess of the amount which a candidate for nomination for election, or election, to the office of Senator (or for nomination for election, to the office of Delegate, in the case of the District of Columbia) may incur within that State in connection with his campaign for that nomination or election.

"(2) No candidate for election to the office of President may incur any expenditure in connection with his general election campaign in excess of 20 cents multiplied by the voting age population (as certified under subsection (f)) of the United States.

"(3) The Commission shall prescribe rules under which any expenditure incurred by a candidate who seeks nomination for election to the office of President for use in two or more States shall be attributed to that candidate's expenditure limitation in each such State based on the number of persons in each State who can reasonably be expected to be reached by that expenditure.

"(4) The Commission shall prescribe rules under which a candidate for nomination for election to the office of President may authorize his national campaign committee to incur expenditures in connection with his national campaign in an amount not in excess of 10 per centum of the amount of expenditures which he may incur in connection with his primary election campaign in a State under this section. The expenditure limitation applicable to that candidate for such campaign in that State shall be reduced by an amount equal to the amount the candidate authorizes under this section.

"(c)(1) No candidate who is unopposed in a primary election may incur any expenditure which is in excess of an amount which is equal to 20 per centum of the limitation applicable to that candidate under subsection (a) or (b) of this section.

"(2) A candidate in a primary or general election runoff election shall have an expenditure limitation which is 50 per centum of the limitation in subsection (a) or (b) of this section, as applicable.

"(3) A candidate who seeks the nomination of a political party which selects its nominee by means of a convention or caucus system which does not include a popular election or elections shall have an expenditure limitation which is 10 per centum of the limitation in subsection (a) or (b) of this section, as applicable.

"(d)(1) Expenditures incurred on behalf of any candidate are, for the purpose of this section, considered to be incurred by that candidate.

"(2) For purposes of this subsection, an expenditure is considered to be incurred on behalf of a candidate if it is incurred by—

"(A) an agent of the candidate for the purposes of incurring any campaign expenditure,

"(B) any person authorized or requested by the candidate to incur an expenditure on his behalf, or

"(C) in the case of the candidate of a political party for President, the candidate of that party for Vice President, or his agent, or any person he authorizes to incur an expenditure on his behalf.

"(e)(1) For purposes of paragraph (2)—

"(A) 'price index' means the average over a calendar year of the Consumer Price Index (all items—United States city average—published monthly by the Bureau of Labor Statistics, and

"(B) 'base period' means the calendar year 1973.

"(2) At the beginning of each calendar year (commencing in 1975), as necessary data become available from the Bureau of Labor Statistics of the Department of Labor, the Secretary of Labor shall certify to the Commission and publish in the Federal Register the percentage difference between the price index for the twelve months preceding the beginning of such calendar year and the price index for the base period. Each amount determined under subsections (a), (b), and (c) shall be changed by such percentage difference. Each amount so changed shall be the amount in effect for such calendar year.

"(f) During the first week of January 1975, and every subsequent year, the Secretary of Commerce shall certify to the Commission and publish in the Federal Register an estimate of the voting age population of the United States, of each State, and of each congressional district as of the first day of July next preceding the date of certification. The term 'voting age population' means resident population, eighteen years of age or older.

"PETITION DRIVES

"SEC. 507. (a) Except to the extent that such amounts are changed under subsection (d)—

"(1) no candidate who seeks a major party nomination for election to the office of Representative may incur any expenditures in connection with his petition drive to meet the requirements of section 504 which exceed an amount equal to 2 cents multiplied by the voting age population (as certified under section 506(f) of the congressional district in which he seeks election; or

"(2) no candidate who seeks a major party nomination for election to the office of Representative from a State which is entitled to only one Representative, Senator, or President, may incur any expenditures in connection with his petition drive to meet the requirements of section 504 which exceed an amount equal to the greater of—

"(A) 1 cent multiplied by the voting age population (as certified under section 506(f)) of the geographic region in which he seeks election; or

"(B) $77,500.

"(b)(1) No person may make a contribution to any candidate for use in connection with the petition drive of that candidate to meet the requirements of section 504 which, when added to all other contributions made by that person to that candidate in connection with the same petition drive, exceeds $100.

"(2) No candidate may knowingly accept a contribution from any person made in connection with the petition drive of that candidate which, when added to all other contributions from that person made in connection with that petition drive, exceeds $100. For purposes of this paragraph, a contribution accepted by any person who makes any expenditures in connection with the petition drive of a candidate is considered to be accepted by that candidate.

"(c) No candidate may make any expenditure or accept any contribution in connection with his petition drive except during the period beginning three hundred days before the date of the primary election of the major party whose nomination the candidate seeks and ending two hundred and ten days before that date.

"(d)(1) Each candidate who files a petition with the Commission under section 504 shall report to the Commission the amount of each contribution he receives in connection with his petition drive, the identity of each contributor, and any other information the Commission requires at the time and in the manner the Commission prescribes.

"(2) If a candidate meets the requirements of section 504, the Commission shall pay an amount to each person who contributed to the petition drive of that candidate an amount equal to the contribution made by that person under subsection (b) to that candidate.

"(e) Each amount under subsection (a) shall be changed at the beginning of each calendar year by the percentage difference between price indexes as determined under section 506(f). Each amount so changed shall be the amount in effect for that calendar year.

"PAYMENTS BY THE COMMISSION

"SEC. 508. (a)(1) There is established on the books of the Treasury of the United States a fund to be known as the Federal Election Campaign Fund.

"(2) There are authorized to be appropriated to the fund such amounts as are necessary to carry out the provisions of this title.

"(3) On the day after the effective date of this title, the Secretary of the Treasury shall transfer to the fund any moneys in the Presidential Election Campaign Fund established under section 9006 of the Internal Revenue Code of 1954.

"(4) The Secretary of the Treasury may transfer to the general fund of the Treasury any amounts from the Federal Election Campaign Fund which he determines, after consultation with the Commission, are in excess of the amounts which are necessary to carry out the provisions of this title.

"(b) The Secretary of the Treasury shall transfer to the Commission such amounts as the Commission certifies to the Secretary from time to time are necessary to make payments under this section.

"(c)(1) The Commission shall create on its books an account for each political party and candidate eligible for payments under section 504.

"(2) The Commission shall allocate the funds it receives from the Secretary of the Treasury under paragraph (1) among the accounts of each political party and candidate according to the amount to which each party and candidate is entitled under section 505.

"(3) The Commission shall credit all contributions which a political party or candidate sends to the Commission under section 615 of title 18, United States Code, to the account of that party or candidate.

"(d)(1) A candidate who seeks the nomination of a major political party may contract for goods, services, or other expenditures in connection with his primary election campaign only during the period beginning one hundred and eighty days before the date of the primary election of that party and ending on the date of that primary election.

"(2) A candidate may contract for goods, services, or other expenditures in connection with his general election campaign only during the period beginning on the date on which he is nominated by a major political party for that election and ending on the date of that general election. A minor party or independent candidate may contract for such goods and services only during the period beginning one hundred and eighty days before the date of the general election, or on the date on which a major party nominates a candidate for the office the minor party or independent candidate seeks, whichever date is earlier, and ending on the date of the general election.

"(3) A political party may contract for goods, services, or other expenditures in connection with its Federal election campaign activities only during the period beginning two years before the date of the next general election in which it will nominate candidates and ending on the date of that general election.

"(4) The Commission may void any contract made by a party or candidate under this subsection which is fraudulent or illegal before performance of that contract begins according to procedures it prescribes by rule.

"(e)(1) The Commission shall pay all expenditures incurred by each political party or candidate by contracts created by that party or candidate under subsection (d). The Commission may not pay any amount in excess of the amount to which that political party or candidate is entitled under section 505.

"(2) If a candidate becomes entitled to an increased amount of payments under section 505 (b)(1)(B) or (b)(2)(B) because of the

number of votes he receives in an election, the Commission shall pay the amount of that increase in payments to which the candidate is entitled on a pro rata basis directly to the persons who contributed to that candidate in connection with that election.

"(f)(1) The Commission shall make all payments under this section directly to the person with whom the political party or candidate contracts for goods, services, or other expenditures. Except as provided in paragraph (2), no political party or candidate shall pay any expenditures which it or he incurs in connection with a Federal election campaign except through payments by the Commission under this title.

"(2) A candidate may maintain a petty cash fund out of which he, or one individual he authorizes in writing, may make expenditures not in excess of $25 to any person in connection with a single purchase or transaction. A candidate for Vice President or President may maintain one petty cash fund in each State. Records and reports of petty cash disbursements shall be kept and furnished to the Commission in the form and manner the Commission prescribes.

"EXAMINATIONS AND AUDITS; REPAYMENTS

"SEC. 509. (a) After each Federal election, the Commission shall conduct a thorough examination and audit of the expenditures incurred by every candidate.

"(b)(1) If the Commission determines that any portion of the payments it makes for a political party or candidate under section 508 was in excess of the aggregate amount of the payments to which the party or candidate was entitled under section 505, it shall so notify that party or candidate, and the party or candidate shall pay to the Secretary of the Treasury an amount equal to the excess amount.

"(2) If the Commission determines that any amount of any payment made by the Commission for a political party or candidate under section 508 was used for any purpose other than—

"(A) to pay expenditures, or

"(B) to repay loans the proceeds of which were used, or otherwise to restore funds (other than contributions to pay expenditures which were received and expended) which were used, to pay expenditures,

it shall notify the party or candidate of the amount so used, and the party or candidate shall pay to the Secretary of the Treasury an amount equal to such amount.

"(3) If the Commission determines that a major party candidate for whom it has made payments under section 508 received—

"(A) a total number of popular votes in the primary election, in connection with which the Commission made payments for that candidate which is less than 15 per centum of the total number of popular votes cast for all candidates seeking the same office that candidate seeks in that primary election;

"(B) a total number of delegate votes in the nominating convention in connection with which the Commission made payments for that candidate which is less than 15 per centum of the total number of delegates votes cast for all candidates seeking the same office that candidate seeks in that convention; or

"(C) a total number of popular votes in the general election in connection with which the Commission made payments for that candidate which is less than 25 per centum of the total number of popular votes cast for all candidates seeking the same office that candidate seeks in that general election,

it shall notify that candidate and the candidate shall pay to the Secretary of the Treasury an amount equal to the total amount of payments which the Commission made for him under section 508.

"(4) No payment shall be required from a political party or candidate under this subsection in excess of the total amount of all payments by the Commission for that party or candidate under section 508.

"(c) No notification shall be made by the Commission under subsection (b) with respect to a Federal election more than three years after the day of the election.

"(d) A candidate for whom the Commission has made payments under section 508 in an amount which is less than 25 per centum of the amount to which that candidate is entitled for a primary or general election under section 505 may withdraw as a candidate in that primary or general election at any time up to the forty-fifth day before the date of the primary election, or the thirtieth day before the date of the general election, in connection with which the Commission made those payments. A candidate who withdraws under this subsection shall pay to the Secretary of the Treasury an amount equal to 50 per centum of the payments which the Commission made for him under section 508.

"(e) All payments received by the Secretary under subsections (b) and (d) shall be deposited by him in the fund.

"REPORTS TO CONGRESS; INVESTIGATIONS; RECORDS

"SEC. 510. (a) The Commission shall, as soon as practicable after each Federal election, submit a full report to the Senate and House of Representatives setting forth—

"(1) the expenditures incurred by each political party and candidate which received a payment under section 508 in connection with that election;

"(2) the amounts paid by it under section 508 for that political party or that candidate; and

"(3) the amount of payments, if any, required from that political party or candidate under section 509, and the reasons for each payment required.

"(b) The Commission may conduct examinations and audits (in addition to the examinations and audits under section 509), investigations, and require the keeping and submission of any books, records, and information necessary to carry out the functions and duties imposed on it by this title.

"JUDICIAL REVIEW

"SEC. 511. (a) Any agency action by the Commission made under the provisions of this Act shall be subject to review by the United States Court of Appeals for the District of Columbia Circuit upon petition filed in such court by any interested person. Any petition filed pursuant to this section shall be filed within thirty days after the agency action by the Commission for which review is sought.

"(b) The Commission, a political party, a candidate, and individuals eligible to vote in an election for Federal office are authorized to institute any action, including actions for declaratory judgment or injunctive relief, which are appropriate to implement any provision of this title.

"(c) The provisions of chapter 7 of title 5, United States Code, apply to judicial review of any agency action, as defined in section 551 of title 5, United States Code, by the Commission.

"PENALTIES

"SEC. 512. (a) Any person who violates the provisions of section 506, 507, or 508 of this title shall be fined not more than $50,000, or imprisoned for not more than five years, or both.

"(b)(1) It is unlawful for any person knowingly and willfully—

"(A) to furnish any false, fictitious, or fraudulent evidence, books, or information to the Commission under this title, or to include in any evidence, books, or information so furnished any misrepresentation of a material fact, or to falsify or conceal any evidence, books, or information relevant to an examination and audit by the Commission under this title; or

"(B) to fail to furnish to the Commission any records, books, or information required by him for purposes of this title.

"(2) Any person who violates the provisions of paragraph (1) shall be fined not more than $50,000, or imprisoned not more than five years, or both.

"(c)(1) It is unlawful for any person knowingly and willfully to give or accept any kickback or any illegal payment in connection with any expenditure incurred by a candidate or political party which the Commission pays under section 508.

"(2) Any person who violates the provisions of paragraph (1) shall be fined not more than $50,000 or imprisoned not more than five years, or both.

"(d)(1) Any person who violates any provisions of this title or of section 602, 608, 610, 611, 612, 613, 614, 615, 616, or 617 of title 18, United States Code, may in addition to any other penalty, be assessed a civil penalty by the Commission under paragraph (2) of this subsection of not more than $10,000 for each violation. Each violation of this title and each day of noncompliance with an order of the Commission shall constitute a separate offense. In determining the amount of the penalty the Commission shall consider the person's history of previous violations, the appropriateness of such penalty to the financial resources of the person charged, the gravity of the violation, and the demonstrated good faith of the person charged in attempting to achieve rapid compliance after notification of a violation.

"(2) A civil penalty under this subsection shall be assessed only after the person charged with a violation has been given an opportunity for a hearing and the Commission has determined, by decision which includes findings of fact, that a violation did occur, and the amount of the penalty. Any hearing under this section shall be held in accordance with section 554 of title 5, United States Code.

"(3) If the person against whom a civil penalty is assessed fails to pay the penalty, the Commission may file a petition of enforcement of its order assessing the penalty in any appropriate district court of the United States. The petition shall designate the person against whom the order is sought to be enforced as the respondent. A copy of the petition shall forthwith be sent by registered or certified mail to the respondent and his attorney of record, and thereupon the Commission shall certify and file in such court the record upon which such order sought to be enforced was issued. The court shall have jurisdiction to enter a judgment enforcing, modifying, and enforcing as so modified, or setting aside in whole or in part the order and decision of the Commission or it may remand the proceedings to the Commission for such further action as it may direct. The court may determine de novo all issues of law but the Commission's findings of fact, if supported by substantial evidence, shall be conclusive.

"RELATIONSHIP TO OTHER FEDERAL ELECTION LAWS

"SEC. 513. The Commission shall consult from time to time with the Secretary of the Senate, the Clerk of the House of Representatives, the Federal Communications Commission, and with other Federal officers charged with the administration of laws relating to Federal elections, in order to develop as much consistency and coordination with the administration of those other laws as the provisions of this title permit. The Commission shall use the same or comparable data as that used in the administration of such other election laws whenever possible.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 514. There are authorized to be appropriated to the Commission, for the purpose of carrying out its functions under this title, such funds as are necessary for the fiscal year ending July 30, 1975, and each fiscal year thereafter.".

(b) The Federal Election Campaign Act of 1971 is amended by—

(1) striking out "Comptroller General" in sections 104(a) (3), (4), and (5) and inserting "Federal Election Commission";

(2) striking out "Comptroller General" in section 105 and inserting "Federal Election Commission";

(3) amending section 301(g) (relating to definitions) to read as follows:

"(g) 'Commission' means the Federal Election Commission;";

(4) striking out "supervisory officer" in section 302(d) (relating to organization of political committees) and inserting "Commission";

(5) amending section 302(f) by—

(A) striking out "appropriate supervisory officer" in the quoted matter appearing in paragraph (1) and inserting "Federal Election Commission";

(B) striking out "supervisory officer" in subparagraphs (A) and (B) of paragraph (2) and inserting "Commission"; and

(C) striking out "which has filed a report with him" in paragraph (2) (A) and inserting "which has filed a report with it";

(6) amending section 303 (relating to registration of political committees; statements) by—

(A) striking out "supervisory officer" each time it appears and inserting "Commission"; and

(B) striking out "he" in the second sentence of subsection (a) and inserting "it";

(7) amending section 304 (relating to reports by political committees and candidates) by—

(A) striking out "appropriate supervisory officer" and "him" in the first sentence of subsection (a), and inserting "Commission" and "it", respectively;

(B) striking out "supervisory officer" where it appears in the second sentence of subsection (a) and in paragraphs (12) and (13) of subsection (b), and inserting "Commission"; and

(C) striking out everything after "filing" in the second sentence of subsection (a) and inserting a period;

(8) striking out "supervisory officer" each place it appears in section 305 (relating to reports by other than political committees) and section 306 (relating to formal requirements respecting reports and statements) and inserting "Commission";

(9) striking out "Comptroller General of the United States" and "he" in section 307 (relating to reports on convention financing) and inserting "Federal Election Commission" and "it", respectively;

(10) striking out "SUPERVISORY OFFICER" in the caption of section 308 (relating to duties of the supervisory officer) and inserting "COMMISSION";

(11) striking out "supervisory officer" in the first sentences of subsections 308(a) and 308(b) and inserting "Commission";

(12) amending section 308(a) by—

(A) striking out "him" in paragraphs (1) and (4) and inserting "it"; and

(B) striking out "he" each place it appears in paragraphs (7) and (9) and inserting "it";

(13) amending subsection (c) of section 308 by—

(A) striking out "Comptroller General" each place it appears therein and inserting "Commission", and striking "his" in the second sentence of such subsection and inserting "its"; and

(B) striking out the last sentence thereof;

(14) amending subsection (d)(1) of section 308 by—

(A) striking out "supervisory officer" each place it appears therein and inserting "Commission";

(B) striking out "he" the first place it appears in the second sentence and inserting "it"; and

(C) striking out "The Attorney General on behalf of the United States" and inserting "The Commission or the Attorney General on behalf of the United States"; and

(15) striking out "a supervisory officer" in section 309 (relating to statements filed with State officers) and inserting "the Commission".

(c)(1) Section 5314 of title 5, United States Code, is amended by adding at the end thereof the following paragraph:

"(60) Members, Federal Election Commission (7).".

(2) Section 5316 of such title is amended by redesignating the second paragraph (133) as (134), and by adding at the end thereof the following new paragraphs:

"(135) General Counsel, Federal Election Commission.

"(136) Executive Director, Federal Election Commission.".

(d) Until the appointment of all of the members of the Federal Election Commission and its General Counsel and until the transfer provided for in this subsection, the Comptroller General, the Secretary of the Senate, and the Clerk of the House of Representatives shall continue to carry out their responsibilities under title I and title III of the Federal Election Campaign Act of 1971 as those titles existed on the day before the date of enactment of this Act. Upon the appointment of all the members of the Commission and its General Counsel, the Comptroller General, the Secretary of the Senate, and the Clerk of the House of Representatives shall meet with the Commission and arrange for the transfer, within thirty days after the date on which all such members are appointed, of all records, documents, memorandums, and other papers associated with carrying out their responsibilities under title I and title III of the Federal Election Campaign Act of 1971 as it existed on the day before the date of enactment of this Act.

(e) Subtitle H (Financing of Presidential Election Campaigns) of the Internal Revenue Code of 1954 (relating to financing of Presidential election campaigns) is repealed.

(f) The amendments made by this section shall take effect on January 1, 1975.

On page 42, beginning with line 1, strike out through line 16 on page 59.

On page 59, strike out lines 18, 19, 20, and 21, and insert in lieu thereof the following:

SEC. 207. Section 308(a)(6) of the Federal Election Campaign Act of 1971 is amended to read as follows:

On page 60, beginning with line 13, strike out through line 9 on page 61.

On page 61, line 12, strike out "SEC. 210." and insert in lieu thereof "SEC. 208.".

On page 61, line 14, strike out "redesignated as section 314 of such Act and".

On page 61, strike out lines 16, 17, and 18.

On page 61, line 19, strike out "(2)" and insert in lieu thereof "(1)".

On page 61, line 24, strike out "(3)" and insert in lieu thereof "(2)".

On page 62, line 6, strike out "211." and insert in lieu thereof "209.".

On page 62, line 8, strike out "redesignated as section 315 of such Act and".

On page 62, strike out lines 12 and 13.

On page 62, line 15, strike out "212." and insert in lieu thereof "210.".

On page 62, beginning with line 18, strike out through line 5 on page 64.

On page 64, line 7, strike out "318." and insert in lieu thereof "311.".

On page 64, line 9, beginning with ", title V,", strike out through "Code," on line 10.

On page 64, line 14, strike out "319." and insert in lieu thereof "312.".

On page 64, line 23, strike out "213." and insert in lieu thereof "211.".

On page 71, line 20, strike out "(1)".

On page 72, line 1, strike out "would be limited under section 504" and insert in lieu thereof "is limited under section 506".

On page 72, strike out lines 2 and 3 and insert in lieu thereof "Campaign Act of 1971.".

On page 72, line 4, strike out "(2)" and insert in lieu thereof "(b)(1)".

On page 72, line 7, strike out "(3)" and insert in lieu thereof "(2)".

On page 72, line 12, strike out "(4)" and insert in lieu thereof "(3)".

On page 72, line 21, strike out "(5)" and insert in lieu thereof "(c)".

On page 73, beginning with line 3, strike out through line 4 on page 75.

On page 75, line 6, strike out "(a)(5)" and insert in lieu thereof "(c)".

On page 75, line 11, strike out "(a)(4)" and insert in lieu thereof "(b)".

On page 75, beginning with line 19, strike out through line 8 on page 77 and insert in lieu thereof the following:

"(a)(1) No person may make a contribution to a major party, to a candidate who seeks the nomination of a major party, or to the candidate of a major party for use in connection with a primary election or general election campaign of that party or candidate.

"(2) No major party candidate who seeks the nomination of a major party, or candidate of a major party may knowingly accept a contribution from any person in connection with a primary election or general election campaign of that party or candidate. For purposes of this paragraph, a contribution accepted by any political committee which makes any expenditures in connection with the primary or general election campaign of a major party or the candidate of a major party shall be considered to be received by that party or candidate.

"(b) No minor party may accept contributions in connection with its Federal election campaign activities in excess of an amount which, when added to the maximum amount of payments by the Federal Election Commission to which that party is entitled under section 505 of the Federal Election Campaign Act of 1971, exceeds the amounts of payments by the Commission to which a major party is entitled under section 505 of such Act.

"(c)(1) No candidate who seeks the nomination of a minor party may accept total contributions in connection with his primary election campaign which exceeds the amount of the limitation on expenditures which applies to a candidate in a primary election campaign under section 506 (a)(1) or (b) of the Federal Election Campaign Act of 1971.

"(2)(A) A candidate of a minor party or an independent candidate may accept contributions in connection with his general election campaign only during the period beginning one hundred and eighty days before the date of the general election, or on the date on which a major party nominates a candidate for the office the minor party or independent candidate seeks, whichever date is earlier and ending on the date of the general election.

"(B) No candidate of a minor party or independent candidate may accept total contributions which, when added to the maximum amount of payments by the Federal Election Commission to which that candidate is entitled under section 505 of the Federal Election Campaign Act of 1971, exceed the limitation on expenditures which applies to a candidate in a general election campaign under section 506 (a)(2) or (b) of such Act.

"(d) For purposes of this section, a contri-

bution accepted by any political committee which makes any expenditures in connection with the primary or general election campaign of a minor party, a candidate who seeks the nomination of a minor party, a minor party candidate, or an independent candidate, is considered to be accepted by that party or candidate.

"(e) (1) No person may make a contribution which, when added to all other contributions made by that person to the same party or candidate in connection with the same campaign, exceeds $100. This $100 limitation applies separately to contributions made in connection with a primary election campaign and with a general election campaign.

"(2) No party or candidate may knowingly accept contributions in connection with its Federal election campaign from any person which, when added to all other contributions accepted by that party or candidate which were made by that person in connection with the same campaign, equals an amount in excess of $100. This $100 limitation applies separately to contributions made in connection with a primary election campaign and with a general election campaign. For purposes of this paragraph a contribution accepted by any political committee which makes any expenditures in connection with the primary or general election campaign of a candidate shall be considered to be accepted by that candidate.

"(f) No person may make a contribution which, when added to all other contributions made by that person to all political parties and candidates in connection with any primary election or general election campaigns during the preceding twelve months, exceeds $1,000.

"(g) All contributions which a party or candidate receives shall be sent to the Federal Election Commission in the manner and with any information about the identity of the contributor which the Commission prescribes by rule.

"(h) (1) No person shall make any expenditure advocating the election or defeat of a clearly identified candidate or political party during any calendar year (other than an expenditure made on behalf of a candidate, as defined in section 506(d) (2)) of the Federal Election Campaign Act of 1971 which, when added to all other such expenditures made by that person during that year exceeds $1,000.

"(2) For purposes of paragraph (1), 'clearly identified' means—

"(A) the candidate or political party is named;

"(B) a photograph or drawing of the candidate appears; or

"(C) the identity of the candidate or political party is apparent by unambiguous reference.

"(3) For purposes of paragraph (1), 'person' does not include a political party.

"(i) For purposes of this section—

"(1) 'contribution' does not include moneys collected for a petition drive under section 507 of the Federal Election Campaign Act of 1971; and

"(2) 'major party' and 'minor party' have the same definitions as under section 501 of the Federal Election Campaign Act of 1971."

Mr. CLARK. Mr. President, this amendment is offered as a substitute for title I of the Senate Rules Committee bill (S. 3044) now under consideration, and the amendment is identical to the Comprehensive Election Reform Act (S. 2943) which I introduced in February. The legislation goes beyond the provisions of S. 3044, and far beyond anything previously considered by the Senate, but there is no question that this is the time and the place to again raise the concept of total public financing of Federal elections. It is a proposal to eliminate the dominance of the private dollar in the public's business.

The introduction of this amendment in no way reflects a lack of support for the public financing legislation that Senator HOWARD CANNON and Senator CLAIBORNE PELL have managed so ably over the last week or so. If anything, my support for the Rules Committee bill has grown during the debate as the Senate has considered the arguments of the opponents to public financing.

But the introduction of this amendment does reflect a fundamental belief that S. 3044 does not go far enough. Given the incredible abuse of the political process, given the skepticism and doubt of the American people, a system of public financing that is either partial or optional simply will not be enough.

Over the last few days, the Senate has heard hours of debate over public financing, and in all of that time, we have gotten lost in the complexities of amendments and counterproposals, and there has been a tendency to forget about one central point: the present system of financing political campaigns simply does not work.

It is beyond reform. Like an old tire with too many miles and too many patches, it cannot be repaired. It has to be changed—and that change must include more than partial or optional public financing.

The Senator from Alabama (Mr. ALLEN) has argued at length that the public financing proposal now before the Senate has its own problems and infirmities. Perhaps it does, but whatever those problems and infirmities, it is definitely preferable to the current system. As the Clear Rapids Gazette observed in an editorial just yesterday:

> There is no great reassurance in the idea of tax monies paying for the self-centered blandishments of political candidates. But distasteful as the proposal may seem, it beats the daylights out of the present abuse-prone financing system.

And total public financing of political campaigns beats the daylights out of partial and optional public financing of political campaigns.

Total public financing would eliminate many of the questions that the opponets of S. 3044 have raised. There would not be loopholes available for anyone to funnel private money to candidates for public office if only because candidates would have no need for private money. And every citizen would have the same influence, the same access, the same degree of representation from public officials. Each of us could vote, each of us could volunteer in a campaign.

None of us could use money and wealth to buy public office or political influence.

There is an inherent inconsistency in relying on private funds in any way to support election to public office. As long as candidates have to depend on private funds—however large or small the amount—the potential for abuse will remain. And the people know it.

The only way to dissipate their doubt and distrust, the only way to restore faith in the integrity of popular government, is to put public actions beyond the influence of campaign contributors. That requires total public financing of elections, and absolutely no reliance on private contributors.

Mr. President, my amendment would remove the influence of private money in public elections. It is the only proposal which does so. It provides for total Federal financing in primary and general elections for all Federal offices.

It is the only proposal which allows candidates to qualify for public financing in primaries by demonstrating the only legitimate evidence of public support—the petition signatures of registered voters. This is a far more satisfactory and representative way of determining public support than continued reliance on private contributions. All the people should control the access to public offices, not just those who have enough money to devote part of it to politics. And for those people concerned about the chance of public financing attracting too many candidates, the proposal provides that the candidate must obtain a minimum percentage of the vote—to avoid reimbursing the Federal Treasury for the cost of the campaign.

The plan would distribute campaign funds in primaries equally to all candidates who qualify. Everyone should have an equal chance at the public's attraction. Matching and mixed plans of private and public financing simply reinforce, at public expense, the candidate preferences of those with enough money to contribute to political campaigns. The "incumbency advantage" inherent in all matching plans for public financing is significant, and the only way to eliminate it is to eliminate the use of private funds as a measure of public support.

The terrific advantages that incumbents now have over their challengers arise chiefly out of the system of private financing. Incumbents have a built-in advantage in raising campaign funds. Only by eliminating the need to raise private funds can that advantage be substantially reduced and the campaign contest balanced. Matching plans not only fail to reduce the advantage, but tend inevitably to increase it. Decreasing the total amount of private funds required means candidates have to raise less money, but incumbents will always raise it quicker. Putting a ceiling on the size of contributions means the number of contributors is increased.

And here again, incumbents have an enormous advantage because of their network of friends and supporters.

Finally, this proposal provides for effective enforcement of campaign finance laws. Unlike any other bill, it creates a commission which covers all permissible political expenditures—goods, services, and salaries. And it charges them against the candidates' accounts maintained by the commission.

Perhaps the central lesson of Watergate is that we must carefully guard, not only the sources of campaign contributions, but their use. The Commission established in my amendment would police expenditures before they are made, rather than simply audit them after they are made—when it is too late either to prevent the harm or to remedy its con-

sequences. The threat of punishment alone is too weak a deterrent when so much political power is at stake.

The cost of my proposal is necessarily higher than the cost of the committee bill but at most, it will take $250 million a year to fully finance all Federal election campaigns. That amounts to less than one-tenth of 1 percent of the annual budget of this Government. It amounts to less than one-fifth of the cost of one Trident nuclear submarine. It amounts to about $1 a year from every American. It amounts to an awfully small price to pay to restore trust and confidence in our political system, and to return to a government truly responsible to all the people.

Many contend that we must encourage, not discourage, small individual contributions to political campaigns. There is an argument that encouraging small contributions increases participation in the political process.

But only a tiny percentage of the American people now contribute in any amount to political campaigns. Fewer than than 2 percent of those who voted in 1972 contributed to either Presidential campaign, and less than one-half of 1 percent of any constituency ever contribute to an individual candidate. When they do contribute, it is usually by virtue of their wealth and education. If we continue to allow private contributions, whatever the rules or limits, we will inevitably continue to favor that tiny group and discriminate against the vast majority of Americans. I believe very strongly in increasing political participation, but only in a way that allows everyone to participate equally. This proposal would encourage equal involvement—with the provision of an income tax checkoff—and involvement on a volunteer basis where consideration of economic status is not a factor.

Others have suggested that to outlaw private contributions would somehow violate the first amendment right of freedom of expression. But in a number of cases, the U.S. Supreme Court has consistently affirmed the existence of another basic right—the right of citizens to be free of wealth distinctions in the political process—and the court has further implied an affirmative obligation to eliminate the influence of wealth on political campaigns.

Prof. Archibald Cox, whose combination of scholarly and practical knowledge of this issue is unique, made the case convincingly in the March 9, 1974 Saturday Review/World. He wrote:

> The objection is sometimes raised that prohibiting private campaign contributions violates the freedom of speech guaranteed by the First Amendment. Money is indeed necessary in order to make speech effective. Those of few or modest means can make themselves heard only by pooling their resources. Even so, spending money is one step removed from speech, and the contributor is a second step away because he is using money to promote not his own speech but another's.
>
> Nor can it fairly be said that ideas would be suppressed or opportunities for speech be restricted. Everyone would be left free to speak and write as an individual. Except for the very wealthy, everyone would be left free to spend money in disseminating his personal expressions. As for parties and candidates, the public subsidy would merely replace the private contributions. The opportunities to travel, to buy space or time in the media, to leaflet and advertise, would remain. The relative size of expenditures by one or another candidate might be affected, but the First Amendment has never been supposed to guarantee those able to raise the most money the greatest opportunity for organized political expression.

A "constitutional right" to use wealth in the political process is a right that only destroys the rights of others. The elimination of private contributions and the substitution of public financing of political campaigns is both legal and desirable.

In 1976 this country will celebrate its 200th birthday. I hope the Senate passes a bill that will enable us to cleanse politics of the real and perceived corruption that haunts the country, and that will encourage our citizens to renew their faith in the institutions of self-government. That is the only way to enter our third century with heads unbowed by shame, confident in the future. We can not afford to do anything less.

Mr. President, I ask unanimous consent to have printed in the RECORD, a summary of my amendment.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

COMPREHENSIVE ELECTION REFORM ACT OF 1974

Provisions:

CANDIDATES AND ELECTIONS COVERED

President: Primary and general (incorporates Presidential check-off fund)

Congress: primary and general.

TYPE OF FUNDING

Automatic full funding of all qualifying major party candidates with partial funding of minor and independent candidates on basis of vote performance. Campaign bills paid by and through Federal Election Commission.

PARTY ORGANIZATIONS COVERED

National party (major and minor) automatically receives funding in presidential election year of up to 20% of amount allowed its presidential candidates. In all other years, it's up to 15% of that amount. Party may spend public funds for election activities such as voter registration, nominating conventions, get-out-the-vote drives. Bills paid directly by Federal Election Commission.

HOW ADMINISTERED

Seven member Federal Elections Commission, appointed by President with consent of Senate to serve staggered seven year terms. Two recommended by Senate leadership, two by House. No more than four of seven of same political party. Responsible for administering, auditing, enforcing federal campaign finance program. Has full investigative, subpoena, prosecutorial powers. Commission responses to Executive Branch.

Executive Branch prohibited from censoring Commission comments or testimony.

Commission sets up accounting system for each qualified candidate, pays all bills directly, except for petty cash expenses of $25 or less.

AMOUNT OF FUNDING

President: Primary: 15¢ x VAP * in each state; *General:* 20¢ x VAP in each state.

Senate: Primary: 15¢ x VAP (or $175,000 if greater); *General:* 20¢ x VAP (or $250,000 if greater).

House: Primary: 25¢ x VAP (or Senate amount if state has only one Congressional district); *General:* 30¢ x VAP.

HOW QUALIFY

Candidates agree to file all necessary records and comply with audit requirements, certifying that he or she will not exceed spending and contribution limits.

President: Primary: Petition signatures of 1% of VAP in each primary state must be filed with Commission 210 days before primary, to be validated by Commission within 30 days.

General: Major party candidates automatically qualify for full funding.

Senate: Primary: Petition signatures of 1% of VAP in State must be filed with Commission 210 days before primary.

General: Major party candidates automatically qualify for full funding.

House: Primary: Petition signatures of 2% of VAP in district must be filed with Commission 210 days before primary (1% if single district state).

General: Major party candidates automatically qualify for full funding.

National party: Automatically qualifies for funding based on a percentage of the presidential candidate entitlement.

CANDIDATE SPENDING LIMIT

Same as total entitlement allowed major party candidates (see "Amount of Funding"). In presidential primary, candidate can authorize his or her national committee to spend up to 10% of his or her total allowable limit in states entered, reducing own spending by that same amount. Unopposed primary candidates may spend only 20% of amount allowed opposed candidate.

LIMITS ON INDIVIDUAL PRIVATE CONTRIBUTIONS

No private contributions can be given to or accepted by major party candidates or major parties in primary or general elections. (Exception for $100 maximum contributions allowed in petition gathering, all contributions to be refunded later from primary entitlement). Limit of $100 on contribution to minor party, independent candidate (separate limit for primary, runoff, general). Minor party, independent candidates may accept private contributions up to overall spending limit.

LIMITS ON CONTRIBUTIONS BY POLITICAL COMMITTEE TO CANDIDATE

No contributions allowed to major party candidates or to major party. $100 limit on contributions to minor, independent candidates.

TREATMENT OF MINOR AND NEW PARTIES/CANDIDATES

Entitled to a fraction of major party funding based on ratio of minor/new party candidate votes received to average votes received by major party candidate. May raise proportionately more in private funds up to spending limit.

Can receive additional funding—up to total funding—after election on basis of performance.

SPECIFIC RESTRICTIONS

Major party candidate must repay full entitlement if he or she receives less than 15% of votes in primary or 25% in general election.

Candidates may withdraw under certain conditions, repaying half of entitlement received.

Post election audit can require repayment of excess funds received by candidate.

Minor party candidate or his or her family can spend $1,000 on primary or general election (treated separately); major party candidate or family can spend $1,000 in connection with petition drive.

All private contributions to minor, independent candidates must be sent to Election Commission, fully identified.

Full reporting of petition drive contributions.

*VAP—voting age population.

Spending limits for petition drives:

House: 2¢ x VAP.

Senate: 1¢ x VAP or $7,500, whichever is more.

Limit of $100 on individual's contribution to petition drive.

TAX INCENTIVES FOR SMALL CONTRIBUTIONS

Increase tax credit to 100% of contribution up to $100 ($200 on joint return). Provides automatic income tax payment to Election Fund of $2, unless taxpayer specifically designates "no."

OTHER PROVISIONS

Repeals Sec. 315 "equal time" requirements of Communications Act for all federal candidates.

Bans use of frank for mass mailings 90 days before any federal election.

Directs Postal Service to establish special rates for all federal candidates.

PENALTIES

Up to $50,000/five years.

Civil penalty: Up to $10,000 per day per violation.

ESTIMATED ANNUAL COST

$250 million (assumes three candidates in each party primary for every Federal office).

Effective Date: January 1, 1975.

Mr. PELL. Mr. President, I congratulate the Senator from Iowa on the completeness and fairness of his amendment an for the thought that has gone into it. It is, as he suggests, a very innovative and major suggestion. It would involve substantial expense, substantial amounts from the public treasury, perhaps twice or three times as much as is foreseen in the bill that is presently under consideration. This matter was not considered in the deliberations of the subcommittee. It was not adequately considered at that time. Finally, there is the question of what the courts would rule in connection with the flat out prohibition on private contributions. They might be willing and already have supported a limitation on the amount an individual can contribute. To prohibit him from contributing anything might be a violation of his constitutional rights.

For these reasons, as the acting manager of the bill, I would be compelled not to support the amendment of the Senator from Iowa.

Mr. President, I move that the amendment of the Senator from Iowa be tabled at this time.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Rhode Island.

The motion was agreed to.

AMENDMENT NO. 1156

Mr. HUMPHREY. Mr. President, today I submit an amendment for myself and my distinguished colleague from Arizona (Mr. GOLDWATER) that would make the day on which Federal general elections are held a legal public holiday.

While I have been successful in each of the last 2 years in winning Senate approval of similar amendments, neither of them have been enacted, for various reasons unrelated to the substance of this proposal. I hope that this time it will be passed by the Congress and become law.

The logic of this amendment is just as compelling today as it has been for years. Under our present electoral system, a number of serious obstacles have been erected that block full democratic participation by all Americans in our Government and politics.

We have made some great strides in the last 25 years, however, in reducing and eliminating these barriers. Unconstitutional voting requirements posed by the poll tax, literacy requirements, residency laws, and some of the more subtle racially motivated obstacles, have been removed. And, we are making some progress in facilitating voter registration—a step of great importance in increasing democratic participation in our Government.

Yet there is more that we can, should, and must do, in the name of true popular democracy, to bring the mass of the people into the political system of our Nation.

Mr. President, according to a survey conducted by the U.S. Census Bureau, 51.2 million eligible Americans did not vote in the general elections in November 1972. That number represented a full 37 percent of the voting-age population in this country at that time. Many of these people have been denied this basic right of citizenship because of hard-to-find registration offices and a full day's work.

The amendment I submit today would eliminate one of the major obstacles to fuller voter participation in elections. It would assure that millions of American working families are not deterred from excercising their franchise in Presidential and congressional elections.

My amendment makes election day the first Wednesday after the first Monday in November, and also creates a legal holiday on that day.

Several other Nations—Denmark, Italy, France, Germany, and Austria—which enjoy 85 to 95 percent voter turnout in nearly every election have designated election day a holiday.

These are nations that are industrialized. They find that the workers participate freely openly, and in much larger numbers when there is an election holiday.

I believe that it would substantially improve participation in our elections, as well.

Workers who commute long distances to work often leave home before polls open and return after they have closed. People working irregular shifts in a shop or factory are also discouraged from voting. In some areas rush hours at the polls mean a long wait in line causing many who must get to work, and many others who are tired from a full day's labor, to give up their franchise in despair.

Mr. President, it is time we put an end to this obstacle to democracy. The amendment I am introducing today would achieve this goal, it would eliminate the work day as an obstacle to expanding suffrage.

The right to vote should not be hampered by any economic consideration. It is too important to the survival of our system of government. In the 19th century we eliminated property ownership requirements for voting in this country. As we enter the last quarter of the 20th century, it is time for us to act to prevent a job from keeping the 80 million Americans who work in factories, on farms, and in the businesses of this Nation, from the voting booths.

Mr. President, I believe this amendment—providing a legal election holiday every 2 years beginning in 1976—would increase voter participation for the most important office in the land: The Presidency of the United States—an open day so that every citizen will have all the time in that day available to consider the candidates and exercise his franchise. And the same, of course, would apply to the offices of U.S. Senator and Member of the House of Representatives.

I send to the desk my amendment, for myself and for Mr. GOLDWATER, and ask that it be printed.

The PRESIDING OFFICER. The amendment will be received and printed, and will be on the table.

Mr. HUMPHREY. Mr. President, I might ask the acting manager of the bill, since this amendment has passed through the Senate twice with overwhelming votes, as to whether or not he would just like to accept the amendment or let is go over so we can vote on it. It will be adopted again, I am sure, unless the Senate has completely changed its mind.

Mr. PELL. Mr. President, I would like to ask, in view of the fact that, as the Senator has suggested, I am the acting floor manager, that it go over until next week, when the floor manager will be here.

Mr. HUMPHREY. Very good.

EXECUTIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate go into executive session to consider certain nominations which have been reported today by the Committee on the Judiciary.

The PRESIDING OFFICER. Without objection, it is so ordered.

U.S. ATTORNEY

The PRESIDING OFFICER. The clerk will state the first nomination.

The legislative clerk read the nomination of S. John Cottone, of Pennsylvania, to be U.S. attorney for the middle district of Pennsylvania.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

U.S. DISTRICT JUDGE

The legislative clerk read the nomination of Murray M. Schwartz, of Delaware, to be a U.S. district judge for the district of Delaware.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

U.S. ATTORNEY

The legislative clerk read the nomination of Mr. William J. Schloth, of Georgia, to be U.S. attorney for the middle district of Georgia.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

U.S. DISTRICT JUDGE

The legislative clerk read the nomination of Joseph W. Morris, of Oklahoma, to be U.S. district judge for the eastern district of Oklahoma.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

U.S. MARSHAL

The legislative clerk read the nomination of George A. Locke, of Washington, to be U.S. marshal for the eastern district of Washington.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

LEGISLATIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate return to the consideration of legislative business.

There being no objection, the Senate resumed the consideration of legislative business.

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, on Monday, the Senate will convene at the hour of 12 o'clock noon. After the two leaders have been recognized under the standing order, there will be a period for the transaction of routine morning business of not to exceed 30 minutes, with statements limited therein to 5 minutes each, at the conclusion of which the Senate will resume consideration of the unfinished business, S. 3044.

At that time the pending question will be on an amendment by Mr. TALMADGE, on which there is a time limitation of 30 minutes. Any rollcall votes on the Talmadge amendment or other amendments, motions, et cetera, will not occur until the hour of 3:30 p.m. The leadership would expect several rollcalls on Monday.

Mr. President, if there is anything in my statement of the program that has not been previously ordered, I ask unanimous consent that it be done.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADJOURNMENT

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, and, pursuant to Senate Resolution 304, as a further mark of respect to the memory of Georges Pompidou, President of the French Republic, that the Senate now adjourn.

The motion was unanimously agreed to; and at 11:33 a.m. the Senate adjourned until Monday, April 8, 1974, at 12 noon.

CONFIRMATIONS

Executive nominations confirmed by the Senate April 5, 1974:

DEPARTMENT OF JUSTICE

William J. Schloth, of Georgia, to be U.S. attorney for the middle district of Georgia for the term of 4 years.

S. John Cottone, of Pennsylvania, to be U.S. attorney for the middle district of Pennsylvania for the term of 4 years.

George A. Locke, of Washington, to be U.S. marshal for the eastern district of Washington for the term of 4 years.

(The above nominations were approved subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

IN THE JUDICIARY

Joseph W. Morris, of Oklahoma, to be U.S. district judge for the eastern district of Oklahoma.

Murray M. Schwartz, of Delaware, to be U.S. district judge for the district of Delaware.

EXTENSIONS OF REMARKS

LOCAL PHONE COMPANY SETS NEW POLICY ON GIVING DATA TO POLICE

HON. DAVID R. OBEY

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 4, 1974

Mr. OBEY. Mr. Speaker, the Wood County, Wis., Telephone Co. has decided it will not turn over long-distance call records to law enforcement or investigative agencies except under subpena or administrative summons.

The company will also notify those customers whose records have been subpenaed, unless the agency involved certifies to the company that notification "could impede its investigation and interfere with enforcement of the law."

I think the Wood County Telephone Co. should be heartily commended for adopting this policy to protect individual privacy against informal snooping by Federal, State, and local agencies.

Here is an article from the Wisconsin Rapids Tribune of March 29, explaining how the policy will work and why it was adopted:

[From the Wisconsin Rapids Tribune, Mar. 29, 1974]

PHONE COMPANY HERE SETS NEW POLICY ON GIVING DATA TO POLICE

(By Thomas Berger)

Effective immediately, the Wood County Telephone Co. will not turn over long distance telephone call records to government or law enforcement agencies of legislative committees except under subpoena or administrative summons, the board of directors of the company decided Thursday.

In the past the company honored requests from local law enforcement agencies for records of toll calls. The information included date, time, duration and number called.

James Wenzlaff, vice president and general manager of the company, refused comment on other agencies the information was released to or the number of requests received or honored.

He said he had heard news reports of other telephone companies giving the information to the Internal Revenue Service, the Federal Bureau of Investigation and the Department of Justice but refused to say if the Wood County Telephone Company had also surrendered records to the agencies.

Wisconsin Rapids Police Chief Allen Spencer and Wood County Sheriff Thomas Forsyth both said the information was requested by their agencies only very infrequently.

The company will also now begin notifying customers when their records have been subpoenaed or summoned, except in those circumstances where the agency requests the company not to disclose that information and certifies such notification "could impede its investigation and interfere with enforcement of the law."

Until now customers were informed of a subpoena or summons only if they asked whether such action had taken place, the company said. Now the person whose records are sought will be notified by a phone call and a letter written within 24 hours.

Wenzlaff said the company will no longer honor a demand for such records in the form of written requests from law enforcement agencies.

Spencer said he could not recall the last time such records were requested by Wisconsin Rapids police. Forsyth said the last time his department did was "about two years ago on a drug case."

"The FBI used to use this type of thing a lot," Forsyth said. "We have done this but on such rare occasions."

The company's officials met with Spencer and Forsyth about three weeks ago to discuss the changes in the company policies. The company also will no longer give police an unlisted number, even in case of an "emergency," Forsyth said.

"We have reviewed our policy in the all-important area of customer privacy many times over the years and these changes are the result of the latest such review," Wenzlaff said. "There are important issues involved—the right of individual privacy is vital and so is the need for effective law enforcement.

"We are deeply concerned about the need to protect individual privacy. We would prefer not to reveal anything to anybody about the billing records of our customers, but obviously we must honor subpoenas served upon us."

He said that only the information necessary for billing purposes was surrendered and "These records contain no information as to the contents of any telephone conversation."

He refused comment when asked whether the company has allowed any taps to be placed on its telephone lines.

A bill has been introduced into the Wisconsin Assembly's Judiciary Committee requiring investigators to get court permission to explore utility records of calls. Wisconsin Telephone Co. disclosed last year it provided the Justice Department with records of toll calls but discontinued the practice March 1 this year.

WE NEED THE INTERNAL SECURITY COMMITTEE

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 4, 1974

Mr. BIAGGI. Mr. Speaker, I was pleased at the actions of the House in voting for continued funding for the

House Committee on Internal Security. I would like to take this occasion to express my continued strong support of the committee and its objectives.

There are those in America who feel that we no longer are in need of the HISC. Apparently, these rosy-eyed optimists are not aware of the recent wave of terrorist acts which are occurring in this country. Perhaps they are not concerned with the likes of the dreaded Symbionese Liberation Army, or the American Revolutionary Army. Or perhaps these people have been overcome with "détente" fever and no longer adhere to the belief that communism is our enemy.

No, I do not share these beliefs for a minute. I contend that rather than seeking the disbarment of this important committee, closer attention ought to be paid to its work. For example, how many Americans were even aware that the Internal Security Committee had prepared and released an extensive report on the SLA prior to the tragic Hearst kidnapping?

Let us not believe for a minute that we are so immune from threats to our internal security that we can afford the luxury of disbanding HISC. Who else can we rely on to keep effective tabs on subversive elements in our society? Perhaps some of my colleagues would prefer to see the committee room be turned over to Jane Fonda and her loyal American friends.

Let us not be so hasty in our efforts to destroy that which is necessary. The suggestion that the duties of the committee be taken over by the Judiciary Committee is unacceptable to me and those who recognize the danger of this shift. If the work of HISC were transferred to the Judiciary Committee, the net effect would be to effectively obscure this important work. I applaud the efforts of this committee and its distinguished chairman, Mr. ICHORD, in their efforts. They have my continued support and that of all Americans who realize that our internal security is a matter of paramount national importance.

BOOKER T. WASHINGTON

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 4, 1974

Mr. RANGEL. Mr. Speaker, today commemorates the accepted birthdate of Booker Taliaferro Washington. During the 19th century, Mr. Washington constructively and effectively carried the mantle as foremost American black leader from the famed Frederick Douglass. His influence as an educator, statesman, and black spokesman greatly affected the lives of black Americans during the turn of the century.

Mr. Washington graduated from Hampton Institute and later continued his studies at Wayland Seminary in Washington, D.C. In 1881 Washington founded Tuskegee Institute. The institute started as a simple shanty and later under his master hand it was continually expanded. Today it boasts a campus of 150 buildings and is world renowned for agriculture research and extension work. The institute also served as a base for the revolutionary discoveries of George Washington Carver.

Tuskegee Institute, however, serves as a tangible example of Mr. Washington's genius. An intangible example was the ideology of black development he provided to the majority of black Americans during Reconstruction and its aftermath.

Mr. Washington believed that blacks should attain their civil rights in a deliberate manner. He also believed that blacks could best assert their rights in the economic and moral arenas. His ideological position often allowed him to forge formidable coalitions with whites and blacks in the pursuit of civil justice for all.

I salute Mr. Washington as an outstanding American and urge my colleagues to join me in commemorating his birthday.

LARRY O'BRIEN

HON. JOE MOAKLEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 4, 1974

Mr. MOAKLEY. Mr. Speaker, many of us are concerned over the future of American politics. The public today is disillusioned with our political process. History offers no clearer lesson than the price nations pay for a loss of faith in government.

To find out what is wrong with politics today and to seek some direction for rebuilding public confidence, a young reporter from the Patriot-Ledger, Mr. Paul Mindus, traveled to New York to talk with Larry O'Brien.

I would like to share his report with my colleagues:

AN INTERVIEW WITH LARRY O'BRIEN

(By Paul D. Mindus)

NEW YORK.—Lawrence F. O'Brien has not fallen from power. Apparently he has walked away from it.

BEYOND RECALL

The premier strategist, unifier and loyalist of the national Democratic party does not want to be recalled as the party's chairman, does not want to run for elective office, and will not accept a draft to either role.

Larry O'Brien is not tired of politics—the focus of his life since he began campaign work around Springfield in 1938. But after 35 years and for reasons he does not fully articulate, he feels he would have little impact on a public increasingly disenchanted with politics; and about this "mass cynicism" and other matters Mr. O'Brien is depressed.

In a two-hour interview with The Patriot Ledger at his Manhattan apartment overlooking Roosevelt Island (formerly called Welfare Island), the Massachusetts-born survivor of the Kennedy Era and the "Irish Mafia" talked not about political strategy for 1976 or the congressional gains Democrats anticipate this fall.

"My thinking goes way beyond that", he said. "I'm concerned with what's happening to our democracy. If you have widespread cynicism, it goes to both parties and to all politicians."

Continuing in an uncharacteristic vein of nonpartisanship, "It really makes no difference whether the Democrats or Republicans win now or in 1976 unless something is done about the present widespread cynicism to restore confidence in our democratic system. It's the politicians who made the people cynical with excessive rhetoric and excessive promises."

He did not mention that politicians also have an excessive fear of acting in a manner that would imperil their chances of reelection, but added, "For a long time I used to think Americans had a poor voting record because of apathy, but now it's become massive cynicism, and that depresses me."

In the comfortably opulent setting of his East Side home, the steady quiet words and muted mannerisms, except for chain-smoking cigarettes, seem ages apart from the feverish charges of "espionage, sabotage and corruption" and of a way of life "bordering on a police state" with which he attacked the Nixon Administration on the eve of the 1972 election.

"I still feel that way," he said last week, but his voice no longer sounds like a political hawker.

Mr. O'Brien refuses to term himself a "recluse", and while he firmly declined any possibilities of returning to active politics, he did not rule out campaigning for certain candidates "if they feel they need me."

CAN'T ASK TEDDY

Is one of those candidates Sen. Edward Kennedy? Mr. O'Brien won't say. He called the surviving Kennedy "obviously the major potential Democratic candidate for the presidency," but he said he had been tied so personally to John and Bobby Kennedy and the assassinations that ended their political careers that "I would not ask Teddy to run."

Since the 1972 McGovern debacle, Mr. O'Brien has spent much time reflecting on the major political happenings he witnessed and often directed since beginning with JFK's 1952 Senate campaign. He is putting the finishing touches on memoirs for a book entitled "No Final Victories," to be published by Doubleday this fall.

The title, he said, indicates that political campaigns and programs can point with pride at their accomplishments, but as each aspect of a problem is understood, the process leads to more problems and greater difficulties.

Despite the so-called "legend of Larry O'Brien" as the medicine man for Democratic party rifts and the "O'Brien Manual" for organizing campaigns, he looks back on the eight years he served in government under two presidents as his most substantive contribution to political life—more important than the national wheeling and dealing which are the prize and goal. * * *

LEVEL WITH PEOPLE

And now he wants politicians and himself "to level with the American people", a theme he said he first spelled out in the opening session of the Democratic convention several weeks after Watergate.

"The cynicism bothers me more than anything else," he said.

He concluded that politicians have disenchanted the public about government, and expressed guilt on his part as well in creating political images through contrivances and polished rhetoric rather than frankly presenting candidates before the American public.

"The parties have a responsibility for direct confrontation and direct communication before 200 million people," he said angrily. "We've failed miserably to understand these problems of financing. Here's Nixon with Watergate who last year was vetoing campaign financing.

"I mean, goddamn, do the American people get excited? Not that I'm aware of. How do

you get them to point to say, "Goddammit, there has to be a campaign financing bill. There has to be an opportunity for me and my kids on that tube to know what the hell is going on and get the different points of view and have a chance at least to be an active participant in this damned democracy.

"I don't want to look at some 60-second spot where the guy has got a coat over his shoulder and is marching up a mountain. That doesn't tell me what the issues are nor how he and his party feel about them.

"The bottom line has to be who are our leaders, who do you look to?"

Mr. O'Brien is bitter about Watergate "because it has escalated the public's cynicism to a whole new level where the politicians now command less trust and respect than at any time in our nation's history."

How he expects to help restore confidence without taking an active national role is not clear, but Mr. O'Brien wants to push several measures for electoral reform:

REFORMS ADVOCATED

To mandate public financing of presidential campaigns and end the influence of the "fat cats";

To change Federal Communications Commission regulations to make mass communication by radio and television a forum for equal access by Democratic and Republican candidates for election and by party leaders to balance views on national issues;

To require "automatically" live and unrehearsed debates on national television between leading presidential candidates;

To allow national political advertising time on television in direct proportion to each party's percentage in the previous election campaigns;

To end the growing depersonalization of political campaigning through the use of "Madison Avenue imagemakers."

While these suggestions are intended to restore confidence in general terms, Mr. O'Brien said only aggressive "and vigorous action by Congress to pursue all matters relating to the abrogation of constitutional rights of individuals and abuse of governmental power in the Watergate scandal will vindicate the democratic system."

ACTION

The failure of Congress to act "would add a whole new level of disenchantment and leave the people with no leadership," he said.

He spoke cautiously about the weekend Watergate indictments against seven former high White House officials.

"The Congress under the impeachment process has a responsibility to review the indictments and to make a determination to fulfill that responsibility," he said. "I believe the American people will take the long haul and want to follow through the indictments.

"These indictments followed a 20-month investigation by fellow citizens and fulfilled an important part of the constitutional system. They were not irresponsible sorts of accusations.

"One of the brighter moments in terms of the unfolding drama is the recognition that the judiciary has consistently fulfilled its function from the beginning," he said.

He said it is unfortunate that many people construe an indictment to be some kind of determination of guilt, but agreed that the public is impatient for answers and may take conclusions wherever available.

The burden for constructive action is not on the President, he said, "even though many congressmen would like him just to resign and relieve them of the responsibility.

"THE HANGUP"

"Congress as an institution has a real problem with the American people as well as the President. Does the elected official have a responsibility to lead and educate his constituency or is it just to poll your district on what 51 per cent of your people want? That's where the hangup is," he said.

With all the concern, then, about the need for political leaders to help the public believe again in their system, why has Larry O'Brien dropped out?

He explained simply that at the end of the 1972 convention he did not want to continue as chairman. He wanted only to clean out his Washington presence and move back to New York to finish a commitment he made in 1965 to write a book.

"NO"

"Didn't you want to pick up the reins again?" he was asked.

"No, I didn't want the reins."

"Do you want them again?"

"No."

"Asolutely not?"

"No."

"Would you accept a draft?"

"No."

Why?

He believes there are able younger people with newer ideas, even though at 56, he acknowledges his contacts and expertise could still be productive.

"I've had splendid opportunities for public service and I've fulfilled a desire to be involved," he said, 'but I'm depressed. I'm depresed to see after two decades of constant activity that the American people feel the way they do.

FINDING OUT

"I'm far more depressed and concerned about this than I think any politician in America, because politicians have a tendency to wear blinders. I don't think it hurts to step out into that private sector to find out what this life is all about."

"Wouldn't you have to step back into politics to do something about what depresses you?" he was asked.

"I can't envision any role that would be meaningful in terms of making any impact on correcting a situation I think is just appallingly bad," he replied.

"I want to be completely candid with you."

Part of Mr. O'Brien's last two years has been occupied with the creation of the Lawrence F. O'Brien International Center for the study of political process at Dag Hammarskjold College in Columbia, Md.

The institute held a one-a-month political process seminar last January, and students from around the world met and discussed American politics with congressmen and national columnists.

A START

"What sold me on getting into this is that though you have a small group of students, you shouldn't turn your back," he said. "You have to start somewhere. In the final analysis, does this generation feel this system deserves continuity?

"At the end of that course, I asked for a show of hands, saying with all that has been said, 'How many of you envision being a part of this process?' and all but one raised his hand. That means something."

NULL ADAMS, JOURNALIST, HONORED FOR 50 YEARS OF SERVICE

HON. ED JONES

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 4, 1974

Mr. JONES of Tennessee. Mr. Speaker, recently, Mr. Null Adams, one of the outstanding journalists in America, celebrated his 50th anniversary of service with the Memphis Press-Scimitar.

I have known Null for many years, and respect and admire his endeavors in the field of journalism.

On Monday, April 1, the Memphis Press-Scimitar printed an article honoring Null's 50 years of service. The text of that article follows:

Null Adams could have become a member of the Memphis Publishing Company's 25-Year Club a quarter of a century ago, had there been a club in 1949.

Yesterday, Adams, who is assistant managing editor and politics editor for the Press-Scimitar, received his pin for 50 years of service.

"I'm not old," said Adams as he addressed fellow members at a two-hour party in the company building, 495 Union. "I've just been here a long time."

Beginning at age 17 as a part-time police reporter, Adams went from reporter to city editor to his present position with The Press-Scimitar.

"I still get as much of a kick out of working for the paper now as I did my first week as a reporter," he said. "Scripps-Howard has been a wonderful vineyard to toil in these 50 years."

STUDENT RECORDS: A PROPOSED STRATEGY FOR PREVENTING ABUSES OF THE RIGHT TO PRIVACY

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 4, 1974

Mr. KEMP. Mr. Speaker, at this point in the proceedings, I include the second part of the research paper, entitled, "Students, Parents and the School Record Prison: A Legal Strategy for Preventing Abuses," by Sarah C. Carey, attorney at law:

STUDENTS, PARENTS AND THE SCHOOL RECORD PRISON: A LEGAL STRATEGY FOR PREVENTING ABUSES—II

(By Sarah C. Carey)

A similar situation prevails in regard to State statutes governing access to the files. Most states do not guarantee parental access. At the same time, they leave the question of outside agency access up to the schools. For example, New Jersey in a fairly typical statute provides that "Public inspection of pupil records may be permitted and any other information relating to the pupils or former pupils of any school district may be furnished in accordance with rules prescribed by the state board and no liability shall attach to any member, officer or employee of any board of education permitting or furnishing the same accordingly." N.J. Stat. Ann. § 18A.36–19(1939, 1968) No special mention is made of parents.

California, on the other hand, specifically grants a parent the right to inspect written records concerning his child "in any reasonable manner in consultation with a certificated employee of the district when he requests to do so during regular hours of the school day" Calif. Code Ann. Div. 9 Ch. 1 Art 6 § 10757 (Supp. 1973). The California statutes limit access to student records generally but spell out specific exceptions; these include a state or local law enforcement officer "seeking information in the course of his duties" or a county agency responsible for protective services to children. Limited

Footnotes at end of article.

exceptions are made for employers and for officials of the U.S. when the student is a veteran. § Calif. Code Ann. Div. 9, Ch 1, Art 9.

Oregon and Nebraska are unique in imposing stringent access provisions. Oregon makes student records confidential, grants the parents a broad right of review of all records and limits access by others to grade transcripts, lists of courses taken, attendance records, achievement tests and health records. Ore. Rev. Stat. § 336.19 (Supp. 1972) Nebraska's laws grant pupils and parents full access to their own records; deny access or divulgence of record contents to other persons; require that disciplinary files be maintained separately from performance records and mandate the destruction of the former after the student has graduated or left the school 3 years.[13]

Actual practice even in those states with express statutory provisions tends to favor access by public officials, while disfavoring the parent.[14] The Russell Sage survey,[15] published in 1969 reported that of the 54 school districts examined, 20 districts denied access to the entire file to parents; 14 denied access to part of the file and 8 allowed access under certain circumstances only. On the other hand, 29 districts granted full access to CIA and FBI officials, 23 granted such access to the juvenile courts (without a subpoena) and 14 granted complete or partial access to prospective employers.[16]

C. *The legal rights of the parent:* The United States Constitution guarantees to the Individual citizen a series of fundamental rights that cannot be infringed by the federal or state governments without compelling justification. Current definitions of these rights include the right to marry,[17] the right to bear children, and maintain a family,[18] the right to control one's body,[19] and the right to direct the upbringing of one's children.[20] The essence of these rights is that they are so fundamental to personal liberty that they merit a high level of protection from incursions by the state. They are sometimes described as "fundamental" or "natural rights" inherent in American tradition or Western values; in other cases they are posited upon the 14th Amendment's guarantee of liberty or the 9th Amendment's reservation of rights to the people; and in still others they are based on common law principles.

Whatever the basis, it is clear that a parent, as part of his right to raise a family, retains basic decision-making authority and responsibility concerning his child's education that cannot be abridged by the states whether by direct exclusion of the parent or by indirect exclusion through the withholding of crucial information about the child.

(1) *The Parent Can Control Certain Basic Aspects of His Child's Education.* (a) *The "Due Process" Decisions:* In a series of major decisions, the U.S. Supreme Court has ruled that the guarantee of liberty contained in the 14th Amendment due process clause insures the right of the parent to control the upbringing of his children. That clause provides that no state may "deprive any person of life, liberty, or property, without due process of law." The precision content of the concept of "liberty" protected under this provision has been the subject of extensive debate, but it has generally been understood to encompass both those rights explicitly enumerated in the Bill of Rights as well as additional rights traditional to this society.[21]

The first decision by the U.S. Supreme Court reserving basic control over a student's education to his parents was *Meyer* v. *Nebraska* 262 U.S. 390 (1923). In that case the Court declared unconstitutional a state law that prohibited the teaching of "any subject to any person in any language other than the English language." The statute also forbade the teaching of foreign languages until the pupil had successfully past the eighth grade. The Court held that such legislation could not be justified under the guise of protecting the public; on the contrary it took judicial notice of the fact that "experience shows that this (instruction in a foreign language at an early age) is not injurious to the health, morals, or understanding of the ordinary child". It concluded instead that the statute was an unwarranted interference "with the opportunities of pupils to acquire knowledge, and with the power of the parents to control the education of their own." [22]

The Court found that the latter was an integral part of the liberty guaranteed by the due process clause. It stated:

"Without doubt, it (liberty) denotes not merely freedom from bodily restraint, but also the right of the individual to contract, to engage in any of the common occupations of life, to acquire useful knowledge, to marry, establish a home and bring up children, to worship God according to the dictates of his own conscience, and generally to enjoy those privileges long recognized at common law as essential to the orderly pursuit of happiness by free man." 262 U.S. at 399.

In 1925, in *Society of the Sisters of the Holy Name of Jesus and Mary* v. *Pierce,* 268 U.S. 510 (1925), the Court further elaborated on the control of the parent over the child's education. There, the Court invalidated an Oregon compulsory education law requiring the attendance of all students at public schools. Parents who wanted to send their children to parochial schools [23] had claimed that the law interfered with their right to religious freedom and to the upbringing of their children. In an opinion that put little emphasis on the First Amendment allegations the Court held:

"Under the doctrine of *Meyer* v. *Nebraska* . . ., we think it entirely plain that the Act of 1922 unreasonably interferes with the liberty of parents and guardians to direct the upbringing and education of children under their control. As often heretofore pointed out, rights guaranteed by the Constitution may not be abridged by legislation which has no reasonable relation to some purpose within the competency of the state. The fundamental theory of liberty upon which all governments in this Union repose excludes any general power of the state to standardize its children by forcing them to accept instruction from public teachers only. The child is not the mere creature of the State; those who nurture him and direct his destiny have the right, coupled with the high duty, to recognize and prepare him for additional obligations." 268 U.S. at 534–35.

In subsequent years the Court repeatedly acknowledged the sanctity of the family relationship, and the right and duty of the parent to provide for the education and upbringing of his children.[24] In 1972, in *Wisconsin* v. *Yoder,* 406 U.S. 205, the Court excused Amish children of senior high school age from compulsory school attendance altogether, finding that the society in which they lived imparted to them a different but equally valid set of values and skills. Although there were religious overtones to the case, the Court held that the parents could choose the education scheme that best met the principles underlying their way of life, provided the latter was sufficiently defined. The Court rejected the state's argument that it was acting as *parens patriae,* suggesting that the state could assert that role over the parent's interest only if there were a showing of harm to the physical or mental health of the child or to the public safety, peace, order or welfare.

In reaching its decision to excuse Amish children from the state's compulsory education requirement, the Court reasoned as follows:

"The history and culture of Western civilization reflect a strong tradition of parental concern for the nurture and upbringing of their children. This primary role of the parents in the upbringing of their children is now established beyond debate as an enduring American tradition. . . . To be sure, the power of the parent, even when linked to a free exercise claim, may be subject to limitation under *Prince* if it appears that parental decisions will jeopardize the health or safety of the child, or have a potential for significant social burdens.

* * * * *

"(A) State's interest in universal education, however highly we rank it, is not totally free from a balancing process when it impinges on other fundamental rights and interests, such as those specifically protected by the Free Exercise Clause of the First Amendment and the traditional interest of parents with respect to the religious upbringing of their children . . ." 406 U.S. at 232, 233, 234, 214.

The Supreme Court decisions do not cover a broad variety of factual circumstances. And they have made it clear that the rights of the individual parent were preserved because there was no serious conflict with countervailing state interests, such as protection of the public health or safety. Despite their limited reach,[25] it can be argued on the basis of these cases that the parent has a right to make affirmative decisions concerning his child's disposition; particularly where spiritual, cultural, or psychological factors are involved. As stated above, the Court has not yet had to deal with the question of whether the parent also has a right to any records maintained by the school that are necessary to the proper exercise of his decision-making authority. However, such access should be viewed as an integral part of the basic parental right. It is unlikely that the Court would define a fundamental right on the one hand and then permit the schools to frustrate it by denying the means essential to its exercise on the other.[26]

(b) *The Ninth Amendment:* A second, to some extent overlapping, constitutional source of protecting a parent's right to control his child's education can be found in the Ninth Amendment to the U.S. Constitution. That amendment provides: "The enumeration in the Constitution, of certain rights, shall not be construed to deny or disparage others retained by the people." The Court has rarely elaborated upon this amendment; in fact, it was not raised with any frequency until the advent of the privacy cases; it has received further elaboration in cases challenging abortion laws; [27] laws that interfere with personal appearance and similar interferences with the person.[28]

The most extensive discussion of the reach of the Ninth Amendment is contained in Justice Goldberg's concurring opinion in *Griswold* v. *Connecticut,* 381 U.S. 479, 486 (1965). Goldberg, in arguing that the right to privacy in marriage (and hence to choose to use or not use contraceptives), although not mentioned in other sections of the Constitution, was a right contemplated by the 9th Amendment, stated:

"The 9th Amendment simply shows the intent of the Constitution's authors that fundamental rights exist that are not expressly enumerated in the first eight Amendments and an intent that the list of rights included there not be deemed exhaustive." 381 U.S. at 492.

Goldberg argued that the rights additional to the enumerated ones could be determined by looking: "to the 'traditions and (collective) conscience of our people' to determine whether a principle is so rooted (there) . . . as to be ranked as fundamental.' . . . The inquiry is whether a right involved 'is of such a character that it cannot be denied without violating those fundamental principles of liberty and justice which lie at the base of

Footnotes at end of article.

all our civil and political institutions'. . . . '. . . 'Liberty' also 'gains content from the emanations of . . . specific (constitutional guarantees' and 'from experience with the requirements of a free society.' " 381 U.S. at 493.

This language suggests that in many, but not necessarily all cases, considerable overlap will exist in the definitions of: 9th Amendment rights, the rights encompassed within the liberty promised by the due process clause, and the common law rights accruing to the individual vis-a-vis the state. In any challenge asserting a parental right to control his child's education all three sources of authority should be relied upon.[28]

FOOTNOTES

[13] Massachusetts recently enacted a parental access law that states: "Each school committee shall, at the request of a parent or guardian of a pupil or at the request of a pupil 18 years of age or older allow such parent, guardian or pupil to inspect academic, scholastic or any other records concerning such pupil which are kept or required to be kept." Ch. 785 Acts of 1973 General Laws Ch. 71, Sec. 34 E.

[14] Diane Divoky "Cumulative Records: Assault on Privacy", Learning Magazine.

[15] Footnote 3 p. 6 *supra*.

[16] A recent article on New York City showed that 28 "outside agencies had access to the school records". These included FBI agents, military intelligence officers, welfare workers, policemen, probation officers, Selective Service board representatives, district attorneys, health department workers and civil service commission officers.

[17] *Loving* v. *Virginia*, 388 U.S. 1 (1967).

[18] *Skinner* v. *Oklahoma*, 316 U.S. 535 (1942); *Meyer* v. *Nebraska*, 262 U.S. 390 (1925)

[19] *Roe* v. *Wade* — U.S. — 35 L.Ed 2d 147 (1973); *Stull* v. *School Board of the Western Beaver Junior-Senior High School et al.* 459 F.2d 339 (1972).

[20] *Wisconsin* v. *Yoder*, 406 U.S. 205 (1972); *Meyer* v. *Nebraska*, 262 U.S. 390 (1923); *Society of the Sisters of the Holy Name of Jesus and Mary* v. *Pierce*, 268 U.S. 510 (1925).

[21] These rights cannot be interfered with without substantial justification. In the words of Justice Douglas:

"Due process has not been reduced to any formula; its content cannot be determined by reference to any code. The best that can be said is that through the course of this Court's decisions it has represented the balance which our Nation, built upon postulates of respect for the liberty of the individual, has struck between that liberty and the demands of organized society. . . . It is a rational continuum which, broadly speaking, includes a freedom from all substantial arbitrary impositions and purposeless restraints" (*Poe* v. *Ullman*, 367 U.S. 497 (1961) dissenting opinion.)

[22] The court also suggested that the state could not err in the other direction by overreaching in its educational offerings. It took the example of Sparta where "in order to submerge the individual and develop ideal citizens," the males were assembled at seven "into barracks and entrusted their subsequent education and training to official guardians." The Court commented that although such measures "have been deliberately approved by men of great genius, their ideas touching upon the people of a state were wholly different from those upon which our institutions rest; and it hardly will be affirmed that any legislature could impose such restrictions upon the people of a state without doing violence to both letter and spirit of the Constitution."

[23] The Court also found an unjustified interference with the property rights of the private church schools.

[24] In *Prince* v. *Massachusetts*, 321 U.S. 158 (1943), for example, the Court upheld a statute prohibiting the sale or offer of sale of periodicals, magazines or other literature, including religious literature, on the streets or in other public places by minors but stated that "It is cardinal with us that the custody, care and nurture of the child resides first in the parents, whose primary function and freedom include preparation for obligations the state can neither supply nor hinder. . . . And it is in recognition of this that these decisions have respected the private realm of family life which the state cannot enter." Similarly in *Griswold* v. *Connecticut*, 381 U.S. 479 (1965) striking down a Connecticut law that proscribed the use of contraceptives by married people, the Court referred to the right of a parent to control his child's education established in *Pierce* and *Meyer*, as a precedent for deriving marital privacy rights from the 1st and 14th Amendments.

[25] One lower federal court has applied the right of parental control contemplated by the due process clause to preclude the exercise of corporal punishment by the school against the child. In *Glaser* v. *Marietta*, 351 F.Supp. 555 (W.D.Pa 1972) the Court stated: "The regulations enacted by the School District on their face appear to be reasonable, within the scope of authority which the state is authorized to grant to it, and in agreement with the preference of many parents. But when the regulations are confronted with the flat prohibition of a particular parent and an assertion of her fundamental rights to raise her child in the manner in which she chooses, then obviously the balancing process inherent in the *Yoder* and *Prince* cases becomes necessary." 351 F.Supp. at 560. The Court acknowledged that judicial interference with school decisions was not advisable unless basic rights were involved; it then held that the judgment as to the appropriate form of punishment for a wayward student "is that of the parent primarily, not the state, not the school and may be made by the parent absent weighty factors which we do not find exist in this case. Where justification for the deprivation of a personal liberty cannot be shown, it may not be taken away by the state or its agency." 351 F.Supp. at 561. The Court added that any parent who was unwilling to grant punishment discretion to the school had an obligation to discipline the child herself so that he would not interfere with other children. (Some federal courts have reached divergent results in regard to discipline issues).

[26] In addition to the federal court decisions basing a parent's right to determine the education of his child on the 14th Amendment's due process clause, a number of state courts have reached similar results. See, for example, *Finot* v. *Pasadena City Bd. of Ed.*, 58 Cal. Rptr. 520; 250 C.A. 2d 226 (1967) and *Dickens* v. *Ernesto*, 37 A.D. 2d 102, 322 N.Y.S. 2d 581 (1971).

[27] YWCA of *Princeton* v. *Kugler, et al.*, 342 F. Supp. 1048 at 106 (D.N.J. 1972), *Roe* v. *Wade*, 410 U.S. 43, 35 L.Ed.2d 147 (1973).

[28] See, for example, *Breen* v. *Kahl*, 419 F. 2d 1034 (1969) and *Stull* v. *School Board of Western Beaver Junior-Senior High School et al.*, 459 F. 2d 339 (1972) upholding a right to determine one's own hair style. The *Breen* Court held this to be an aspect of personal freedom whether designated "as within the penumbras of the First Amendment freedom of speech . . . or as encompassed within the Ninth Amendment as an additional fundamental right." 419 F.2d at 1036.

[29] Some states have included in their own constitutions clauses similar to the 9th Amendment. Article 1 section 31 of the Idaho constitution, for example, states: "This enumeration of rights shall not be construed to impair or deny other rights retained by the people." In 1957, the Supreme Court of Idaho in *Electors of Big Butte Area* v. *State Board of Education*, 78 Idaho 602; 308 P.2d 225 (1957), held that among these rights is the right of parents to participate in the supervision and control of the education of their children.

GSA EFFORTS TO CONSERVE ENERGY

HON. FRANK HORTON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 4, 1974

Mr. HORTON. Mr. Speaker, I want to address my remarks to the Federal Government's effort to conserve energy during the last year. After examining the results to date, I believe you will agree the accomplishments speak highly of the Government's ability to respond quickly and effectively to the energy crisis.

As you may recall, the Federal energy conservation program was initiated in June of 1973 by President Nixon. The President directed the Federal Government to take immediate action to conserve energy consumption. His intent was for the Federal community to take a leadership role in energy conservation and set an example for the rest of the Nation to follow. He quantified his objective by establishing an energy reduction goal of 7 percent. In the fall of 1973, he revised the goal to 15 percent after studying the initial progress.

The direction and supervision for the Federal program has been ably provided by Energy Administrator William Simon, and Arthur F. Sampson, Administrator of General Services. Through their leadership, Federal buildings' summer cooling temperatures were raised and winter thermostats lowered. Nonessential light bulbs were removed from Federal buildings in order to reduce electrical use. A Government-wide policy of reducing total motorpool mileage by 20 percent was implemented and enforced. Compact cars were purchased instead of the larger sedans. Federal employees were encouraged to use long-distance phone calls in lieu of official Government travel. In an effort to encourage employees to carpool, 90 percent of Federal employee parking spaces are now reserved for carpoolers. GSA is to be congratulated for its swift implementation and effective management of each program.

The 6-month total energy savings overwhelmingly surpassed the President's initial 7-percent and revised 15-percent goals. The final figures indicate a total energy savings of 23.3 percent over the year before. There is no question this accomplishment would not have been achieved without a spirit of cooperation and personal sacrifice on the part of every civil servant. They are to be congratulated on a job well done. Also, special accolades should be given to Energy Administrator Simon and GSA Administrator Sampson for management of this program.

Mr. Speaker, I would like to share with my colleagues a recent statement delivered by Mr. Arthur F. Sampson, Administrator of GSA. After reading the statement, I believe my colleagues will agree that GSA's record in this field has been impressive:

[News Release]

STATEMENT OF ARTHUR F. SAMPSON

The purpose of this news conference is to give you a progress report of GSA's efforts to conserve energy today and tomorrow. GSA is moving ahead vigorously on three fronts.

NEW BUILDINGS

We have stopped designing buildings that devour and waste energy. New design guidelines based on comprehensive and effective research have been published and are being used *now!* These new design features can cut energy consumption by as much as 50%.

EXISTING BUILDINGS

We have reduced lighting. We have reduced heating. We have reduced cooling. This has saved a great amount of energy. More can be saved by retrofitting. We are doing research now and will soon issue guidelines for the conservation of energy in existing buildings.

AUTOMOBILES AND OTHER VEHICLES

The objective here is to save gas—lots of it. And, we are. This is a government-wide program. Instructions have been issued and are being followed that: reduce the miles travelled; reduce speed to 50 mph; require regular tune-ups; require carpooling; and specify the use of compacts except when larger cars are fully justified.

With reduced heating, cooling, lighting and other measures in GSA operated buildings, we are saving 1.5 million barrels of oil annually. And, with our automobile programs, we are saving at a rate of 10,000,000 gallons of gas annually.

Last June, President Nixon directed that each federal agency reduce its rate of energy consumption by seven percent.

As winter set in, the President directed the federal government to take further energy conservation steps. He told the Federal Energy Administrator that "we in the government must intensify our efforts in setting an example for the nation."

President Nixon has asked all Americans to do what they can to help conserve our country's dwindling energy supply. At GSA, we are working to reduce energy usage by providing good government management, nationwide.

In January, Energy Administrator William Simon directed GSA to implement energy-saving steps which involve all federal vehicles, buildings, procurement and federal contractors. Since then, the FEO and GSA have developed a very close and highly effective inter-agency working arrangement.

On January 21, GSA issued energy conservation policies and procedures for the entire executive branch of government. The intent is to bring about a more efficient use of energy resources. We are doing this by revising federal motor vehicle management policies; by creating and assisting with federal employee carpooling and by a more judicious use of lighting, heating and cooling in all federal buildings.

On March 8, Mr. Simon announced that energy cutbacks by government agencies have saved the Nation 45 million barrels of oil over the last six months. In taxpayer dollars, this represents a savings of about $360 million. That's an overall 23.3 percent savings in energy between July and December 1973, Mr. Simon reported.

Our Federal Energy Administrator gave most of the credit to "federal employees who cooperated enthusiastically" with the government's overall energy conservation program.

While we believe we have made progress in energy conservation, what we have done is to provide short term solutions to a long range problem. What then are we doing to help provide the long range solution?

Two years ago GSA organized a national meeting of experts to discuss energy conservation in buildings. The results of the meeting were dramatic and we decided to design and construct a model federal building to demonstrate what could be done. We selected a federal office building in Manchester, N.H., as our model.

The purpose of our seven-story Manchester demonstration building is primarily to provide a working laboratory for the installation of both recognized and innovative energy conservation techniques and equipment. It is GSA's first step toward a firm commitment to the conservation of energy in the design, construction and operation of all federal buildings.

The completed Manchester building is expected to operate with at least 40 percent less energy consumption than existing buildings of comparable size. One of its energy conservation features will be a solar energy collector on the roof for partial heating purposes.

In addition, GSA also is going to construct an environmental demonstration project building in Saginaw, Michigan, which will provide us with another type of working laboratory centering on environmental innovations. At our request, 59 colleges and universities gave us some 250 brainstorming ideas for possible inclusion in the proposed Saginaw building. As a result, the completed building is expected to make a positive contribution to its urban surrounding and provide a pleasant interior environment for employees and visitors.

The Saginaw project will include a large solar heat collector to provide pollution-free energy for the building; greatly-reduced water consumption, including collection and use of rain water for lawn irrigation; energy efficient design; and the use of recycled construction materials.

One of the things that we have learned from our efforts is that energy conservation and environmental quality in buildings go hand in hand. The environmental building in Saginaw will use many energy conservation techniques, and the Manchester energy building will include features to improve both the habitability and overall environmental aspects of the building.

Simultaneous with the design of these two buildings, GSA contracted with outside consultants and the American Institute of Architects Research Corporation to create design criteria for office buildings that would result in reduced energy consumption. GSA and the National Bureau of Standards worked with this team, and we are releasing today a publication containing the results of this effort.

The book is entitled "Energy Conservation Design Guidelines for Office Buildings."

The guidelines, the first comprehensive criteria ever printed for the construction industry, highlight more than 185 ideas for conserving energy in the design, construction and operation of office buildings. They were prepared by a partnership of Dubin-Mindell-Bloome Associates, consulting engineers; Heery and Heery, architects; and the American Institute of Architects Research Corporation, under a professional services contract with GSA's Public Buildings Service.

This book is available for use by anyone. We are going to promote its use by private industry and expect to be successful in doing so. In almost every instance, energy saved is money saved.

Commercial buildings in the U.S. consume the equivalent of 5.5 million barrels of oil daily.

Existing buildings are a different problem. They were designed and constructed to waste energy. However, a great deal can be done, at minimal cost, to save energy. Here are some of the steps taken by GSA that have reduced energy usage in buildings by 15%:

1. We have removed 1.2 million fluorescent lamps from our buildings as of December 31, 1973.

2. We have reduced lighting to approximately 50 foot candles for normal employee work station areas. This is now standard in all GSA buildings and offices, along with limitations of 30 foot candles for general work areas and up to 10 foot candles for hallways and corridors, except where safety hazards would result.

3. Additional energy savings are being provided by keeping GSA controlled space heated at between 65 and 68 degrees during normal winter working hours and cutting down to not more than 55 degress during non-work hours. This summer, we are going to cool our offices to between 80 and 82 degrees during working hours, as compared to a 76–78 degree range last summer.

4. Our GSA buildings are now being cleaned during day-time hours whenever possible to save on night-lighting.

Your government is asking all Americans to travel less, both by air and automobile. Each year, federal emyployees have travelled billions of miles on official business and, in doing so, consume more energy than any other body of travelers in the world. So we're doing something about that, too.

Recognizing the vast potential for energy savings, GSA has launched a campaign to have federal workers "travel by phone." In this campaign, government employees are encouraged to "take a ride on the FTS"—the Federal Telecommunications System.

Private citizens are being urged to drive fewer miles and to use parpools. The same demands are being made of federal employees.

During January and February of this year, the GSA Interagency Motor Pool system used an average 28 percent less fuel as compared to the anticipated consumption. And, because we've found that good maintenance of vehicles is a fuel saver, GSA's tune-up program is being emphasized nationwide.

Through the President's initiative in forming the Federal Energy Office to help cope with the energy crisis, GSA has been designated to coordinate a number of energy-saving programs. We are working with people as well as with buildings and cars.

First, to help better serve our people, GSA is working with all other federal agencies to increase carpooling. By allocating additional federal employee parking spaces around the nation to those government workers who use carpools, we are going to further save fuel, energy and space. In addition, along with the provision of more government-funded mass transit facilities, carpooling will help relieve our overcrowded urban highways and perhaps cut down on the staggering national auto death toll.

As for the government's use of cars, most VIP limousines and even the big sedans are now being phased out of the government fleet. We're now buying almost nothing but compact and sub-compact cars.

Since the inception of the President's program, 100 percent of the over 5,000 replacement sedans procured for use in the GSA Interagency Motor Pool system have been compacts. GSA also has assisted other federal agencies in buying smaller sedans to replace limousines, heavy and medium sedans.

The delivery to the government of the initial procurement of 500 compact vehicles has been completed. Delivery of the remaining 4,500 compacts is proceeding daily.

Energy conservation is nothing new to GSA. Long before the energy crisis was a reality, GSA was working to improve the management of all federal property and buildings with an objective to conserve energy as well as money. What we started doing years and months ago is now showing some impressive results.

While we know we have a good start, we also think it's only that—a start. There's more to do, there's more we can conserve, and that's what we expect to accomplish with GSA's good government management nationwide.

A REQUEST TO THE FEDERAL RESERVE: FOR 1974, TRY STAYING WITHIN THE 4- TO 6-PERCENT NEW MONEY BAND

HON. HENRY S. REUSS

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 4, 1974

Mr. REUSS. Mr. Speaker, for the past 3 years the Federal Reserve System has quite consistently kept the supply of new money—the public's checking accounts and currency—above the upper limit of the 2- to 6-percent yearly rate of increase recommended as the normal growth range by the Joint Economic Committee.

There is good ground to believe that this excessive creation of new money has caused and aggravated the acute inflation from which we still suffer. Paradoxically, interest rates today may well be higher, as a result of inflation, than they would have been had the Fed stayed within the 2- to 6-percent band, and thus helped avoid the excessive inflation which is now built into the interest rate structure.

Though it is hard to discover the rationale of the Fed by reading its published works, such as the summary reports of the Open Market Committee, I suspect that its real reasons for over the 6-percent money creation are because it felt a need to facilitate Federal borrowing; or that tighter money might unfairly squeeze interest-sensitive segments of the economy such as housing, small business, and State/local governmental borrowing; or cause a business "liquidity crisis;" or even trigger a recession. Conversely, the Fed's frequent past sorties into money growth below 2 percent may have been due to its desire to "make amends for" actions of other branches of the Government that the Fed deemed inflationary.

Thus, though paying allegiance to the 2- to 6-percent band in principle, the Fed has more often than not deviated from it in practice, because it has tried to compensate for the errors and omissions, frailties, and shortcomings of the Congress and executive branch.

Currently, new money is being created at an annual rate of 6.4 percent. My hope is that the Fed will keep the rate of new money creation under 6 percent—though not below 4 percent—at least for the rest of 1974.

It would clarify expectations, at home and abroad, if the Fed would state publicly that it intended to keep yearly growth of new money in the 4- to 6-percent range. The Federal Reserve Board, with its independence deriving from 14-year terms, has an unparalleled opportunity to speak economic truths today. It should accompany its announcement of its intention to restrict overall monetary growth to the 4- to 6-percent band by a proposed program of selective fiscal and monetary actions by the Fed, the executive branch, and the Congress to avoid recession and increased unemployment, to avoid a squeeze on housing, small business and State/local borrowing, to avoid a business "liquidity crisis."

I shall discuss the current inflation; its causes, including the consistent breaching of the new-money band on the high side; and how the Fed can help itself and the rest of the Government to do a better job of moving toward the goal of full employment without inflation.

We have experienced unacceptably rapid inflation these past several years. It is getting worse, not better. Here are the annual changes—from December to December—for the period since 1964:

Percentage change from preceding December

December 1965	1.9
December 1966	3.4
December 1967	3.0
December 1968	4.7
December 1969	6.1
December 1970	5.5
December 1971	3.4
December 1972	3.4
December 1973	3.8

The intolerable acceleration of inflation in 1973 reflected in substantial measure increases in food and energy prices. Between the fourth quarters of 1972 and 1973, consumers' food prices rose 19.5 percent and energy prices 12.8 percent.

But inflation accelerated in other sectors as well. Between the fourth quarters of 1971 and 1972 prices of items other than food and energy increased 3 percent. In the first quarter of 1973, these prices rose at an annual rate of 2.5 percent; in the second quarter the rate increased to 4.1 percent; in the third quarter the rate was 4.7 percent; in the fourth quarter it jumped to 6.8 percent.

The current inflation is not narrowly based. Though the extraordinary increases in food and energy prices have been receiving the headlines, the acceleration of inflation has been a pervasive phenomenon.

THE CAUSES OF INFLATION

SPECIAL FACTORS

Today's fearful inflation is widely believed to be due to special factors. There were, of course, special events which propelled food and energy prices upward since 1973. But the current inflation is not confined to food and energy.

In every short period which is characterized by inflation, we can point to special factors that help explain it. In 1969 and 1970, many pointed to unusually high interest rates and wage boosts in the construction industry and to the impact of medicare; for housing and medical care, prices were rising faster than prices in general. Today, many point to poor crops worldwide as causing greatly increased demand for U.S. food, and to petroleum price hikes by OPEC. Special events such as these definitely raise particular prices in the periods when they are operating.

But our current inflation is by no means entirely due to special factors beyond our control. Special factors do not cause pervasive continuing inflation. Fiscal and monetary policy excesses do.

FISCAL POLICY

Government deficits increase aggregate demand. Thus the contribution of fiscal policy to the inflation we have experienced since 1964 is widely recognized. In 1967 and 1968 large Federal deficits, in the full employment as well as the actual budget, added to demand pull pressures in those years. Since then, however, fiscal policy generally has been disinflationary. The full employment budget showed surpluses of $8.8 and $4 billion in 1969 and 1970, deficits of $2.1 and $7.7 billion in 1972, and a $5.8 billion surplus in 1973. Moreover, in 1973 the national income accounts actual budget moved from a small deficit position in the first quarter of 1973 to a balanced position in the spring quarter and to a surplus in the summer quarter.

The acceleration of economywide inflation in 1973 cannot, then, be attributed to current Federal fiscal policy. It is significant, furthermore, that the 1974 and 1975 fiscal year budget estimates indicate continued fiscal restraint. The moderate deficits in the national incomes accounts budget which are forecast—$4.7 billion in 1974 and $8.6 billion in 1975—reflect a predicted decline in economic activity. No new stimulus has been provided in fiscal 1974 and none is planned for 1975.

MONETARY POLICY

Like fiscal policy, monetary policy has a direct impact on spending by investors and consumers. In today's world of sharp pencils and zero excess bank reserves, when the Federal Reserve buys securities on the open market, augmenting bank reserves, the Nation's money supply increases very nearly immediately and by the same percentage, a 5-percent increase in reserves quickly generating a roughly 5-percent increase in money supply. In fact, often banks will have made loan commitments, and will sell securities to the Fed to obtain the reserves needed to honor these commitments without having to call in other loans. In other cases, banks quickly line up borrowers after their reserves have been increased. If the economy is buoyant, they are likely to have a waiting list of would-be borrowers.

Once the newly created money is in circulation, it circulates just like other money. Those who receive it, whether they receive it by borrowing from banks or selling goods and services to borrowers, spend and recirculate it. Because aggregate spending is increased by increasing money supply, we need to use care when increasing money supply. If the economy is operating at near-full employment, pervasive inflation follows in the wake of too rapid money supply growth. This is the classic case of "too much money chasing too few goods." It is both inexcusable and avoidable.

MONETARY POLICY GUIDELINES

In 1967, the Joint Economic Committee set forth proposed guidelines for monetary policy, to avoid both pervasive inflation and protracted recession. The committee urged the Federal Reserve to "adopt the policy of moderate and relatively steady increases in the money supply." After further study and hearings, the committee issued a report entitled, "Standards for Guiding Monetary Ac-

tion," recommending that "in normal times" money growth be kept "within the limits of 2 and 6 percent per annum."

The commonsense economics of this recommendation is that the growth of our economy's real productive capacity from all sources, including labor force growth, capital accumulation, and improvements in technology and labor force skills, has averaged 4 percent per year. Yearly money supply growth in the 2- to 6-percent range would thus keep pace with the long-term growth of our productive capacity, and at the same time allow enough flexibility to adjust both to short-run deviations in the growth of our productive capacity, and to disturbances originating in unusual special events.

A second reason for recommending a 2- to 6-percent yearly growth in money is that in the past, whenever money supply growth has been outside this range, we have had trouble. In the post-Korean war period, we suffered recessions following cutbacks in money growth below 2 percent yearly in 1953–54, 1957–58 and 1960–61. We had a minirecession when money supply growth fell to zero between April and December 1966.

The economy began to overheat in 1967, with inflation accelerating to 4.7 percent in 1968 and 6.1 percent in 1969. The stimulus from fiscal policy in the Vietnam war was, of course, a major force in the economy's overheating, at least until the surtax on incomes was enacted in mid-1968. The stimulus from monetary policy lasted well past mid-1968. Money supply growth accelerated to 6.6 percent in 1967 and 7.8 percent in 1968. The pervasive inflation of 1968 and 1969 was due in large measure to the Federal Reserve's excesses of 1967 and 1968.

Money supply growth was cut back from above 6 percent to below 2 percent per year in the second half of 1969. This sharp cutback, from well above the upper limit of the recommended range to the lower limit in less than a year, was a major factor in the recession that began in late 1969 and lasted to late 1970. The lesson here is that, if cutbacks in money supply growth are required to check inflation, they should be made slowly and prudently.

Three years ago, in the Joint Economic Report released March 30, 1971, I suggested rules of reason in implementing the basic recommendation for a 2- to 6-percent yearly money growth.

The target figure should be on the higher side of the band in periods of less than full use of resources, on the lower side in periods of full use of resources.

Moreover, the target figure should be on the higher side of the band, *or even higher* than the band, when resources are underemployed, *and simultaneously* businesses are making exceptionally heavy demands on credit, not for current business expenditures, but for additional liquidity in anticipation of future needs, or to replenish unexpected liquidity losses.

At that time—March 1971—unemployment had risen to 6 percent, while the rate of inflation had gradually been tapering off, and we had only recently passed through a severe liquidity crisis culminating in the collapse of the Penn Central. There was thus, pursuant to my proposed rule, a need to permit some leeway on the high side for money supply growth in excess of 6 percent yearly, provided close watch was kept to bring money growth below the 6-percent-per-year upper guideline as soon as the economy turned expansive.

This proviso was phrased as follows:

If the recent past has been dominated by excess demand and substantial inflation, an attempt to reach full use of resources in the short-run through accelerated monetary growth could sacrifice the prospects for non-inflationary growth over the longer run. Under such circumstances, if the economy were operating somewhat below its potential, but moving upwards, a rate of money stock growth that was too high might risk overstimulating the economy.

The full record of annualized month-to-month growth and year-to-year changes in money in the period March 1971–March 1974 is given below. I use month-to-month and year-to-year changes because these measures by their nature can only be computed in one way; quarter-to-quarter and other changes on the other hand can be misleading because they can be computed in several different ways with different results.

As is evident, since March 1971, the Federal Reserve persistently, often in extreme fashion, and for the most part with inflationary results, has chosen to keep the growth of money above 6 percent on a year-to-year basis.

PERCENTAGE GROWTH IN MONEY, MARCH 1971 TO MARCH 1974

	1971	1972	1973	1974
Month-to-month:				
January		1.5	4.7	−3.6
February		13.8	5.6	13.4
March		11.6	.9	[1] 8.8
April	9.0	7.5	6.0	
May	13.2	3.9	13.9	
June	9.9	6.9	14.2	
July	7.2	11.8	4.1	
August	1.0	6.3	−.9	
September	1.5	7.7	−3.6	
October	4.1	8.7	5.0	
November	−.7	6.2	10.4	
December	2.0	14.7	7.1	
Year-to-year:				
January			9.0	5.1
February			8.3	5.7
March			7.3	[1] 6.4
April		6.2	7.2	
May		5.4	8.1	
June		5.2	8.7	
July		5.6	8.0	
August		6.0	7.4	
September		6.7	6.4	
October		7.0	6.0	
November		7.6	6.4	
December		8.7	5.7	

[1] Based on the 1st 3 weeks of March 1974.

In 1971 there was, as just observed, some reason for expanding the money supply faster than 6 percent yearly. But by mid-1972, at the latest, it should have been clear, with unemployment beginning to break downwards and the rate of inflation again accelerating, that there was no longer any justification for exceeding the upper money supply guideline. Yet, the rate of money supply growth continued to exceed 6 percent yearly on until the summer of 1973.

Since last summer, moreover, money growth on a month-to-month basis has fluctuated wildly, and there are as yet no signs that it will be controlled in a judicious manner. The long-term trend in fact still appears to be above 6 percent yearly.

RECOMMENDATION

It is time for the Fed, for this year at least, to bring year-to-year money growth below 6 percent within the next month or two, and to keep it between 4 and 6 percent throughout 1974. The current 10 percent inflation rate is no reason whatever to increase the money supply accordingly "in order to validate the new price level." Such a rate of new money creation, added to past excessive money creation, will simply facilitate additional spending, and the 10-percent inflation will worsen.

On the other hand, money growth should not be allowed to fall below 4 percent in 1974. This is so because interest rates can be pushed up temporarily to recession-inducing levels by sharp reductions in money supply. They will recede as the recession proceeds and credit demands fall. The events of last summer and fall warn us that this scenario of interest rates being pushed up to recession-inducing levels by sharply cutting money supply can proceed very rapidly once it is begun. During the summer of 1973 the Fed cut the rate of money growth below zero, interest rates rose sharply, and financial disintermediation and a decline in housing starts, which often are the first signs of recession, quickly followed. The lesson is clear. When money supply has been increasing above 6 percent yearly for more than a year, as it had been until last summer, a recession is risked by cutting back its growth sharply, especially if it is cut below 2 percent yearly. In the coming year, therefore, the Federal Reserve must not permit yearly money growth to fall below 4 percent. There is no reason for the Federal Reserve to use its money supply powers to deliberately push up interest rates to recession-inducing levels. We want to avoid recession at least as much as we want to check inflation.

SOME TEMPTATIONS TO AVOID

The Fed can keep money growth within the 4- to 6-percent band for 1974 if it overcomes the temptation to play Mr. Fix-it to the entire economy. Specifically, it must avoid the temptation to step up money growth beyond the band:

First. To facilitate U.S. borrowing by the Treasury and by federally sponsored credit agencies.

In fact, interest rates are pulled up by feedback from increasing money supply. As inflation accelerates in the wake of stepped-up money supply growth, credit demands rise because businesses and consumers try to stockpile commodities and add equipment before prices rise still further. This pulls up interest rates. It is self-defeating, therefore, to try to stabilize interest rates to the U.S. Treasury by increasing money growth beyond the band.

If Congress and the administration in their wisdom want to increase public spending, the Federal Reserve is under no obligation to try to facilitate the necessary transfer of resources from the private to the public sector, and it should not attempt to do so.

Second. To "help" interest-rate-sensitive sectors like the thrift industry and housing.

The viability of thrift institutions and housing depends on achieving price stability. They cannot prosper in an inflationary environment. Inflationary money growth, though intended to help them, soon backfires by causing disintermediation—the withdrawal of savings deposits from thrift institutions, and the consequent drying up of mortgage money. The Federal Reserve can best assist thrift institutions and housing by keeping the money supply growing steadily and moderately, for this year 4 to 6 percent.

The Fed should accompany such a neutral 4- to 6-percent new money policy by sketching out a constructive alternative to its present policy. Today the Fed creates enough excess new money to feed the fires of inflation, without at the same time really helping either the thrift institutions or housing that it is apparently trying to help. The constructive alternative is for the Fed to create a proper, neutral amount of new money, and then, from its independent vantage point, to advise the rest of the Government what the rest of the Government should do.

With respect to thrift institutions and disintermediation, this advice might take the following form. The Home Loan Bank Board, to the limit of its resources, should act to prevent pressure on the thrift institutions. Standing back of the Home Loan Bank Board, the Fed itself could open its discount window to thrift institutions, meanwhile making compensating open market sales, if necessary, to keep money growth within the 4- to 6-percent yearly band.

With respect to housing, there is likewise an arsenal of available actions to cushion any hardship that might accompany the Fed's employing a noninflationary money policy. For example, the Fed itself could purchase for its open market portfolio more housing-related securities. The Fed and other regulatory agencies could prescribe that the various depository institutions invest minimum percentages of their time deposits in residential mortgages. Or the regulatory agencies could impose special asset reserve requirements which favor residential mortgages over other loans, such as a zero requirement for residential mortgages. The Fed could also explore the foreign experience with capital investment committees, as by assigning highest priority to residential mortgages and lowest priority to gambling casinos and similar projects. The Fed should also recommend ways in which congressional fiscal policy can be used to help housing, as by expanded governmental housing investment, and interest rate subsidies.

The conventional wisdom says that housing—and small business, and State and local governments—should be shielded from the winds of tight credit and high interest rates. It is up to the Fed to use its independent position to tell us all the hard measures that need to be taken, rather than to blur the issues by the easy and self-defeating creation of excessive new money.

Third. To combat structural unemployment caused by supply constraints such as today's energy shortfall. Extended unemployment compensation, apprenticeship subsidies, public service employment and similar programs are needed to cope with these problems and the hardships they involve. Congress is the proper body to develop these programs, and an independent and responsible Fed should tell it so. The best thing the Fed can now do to prevent unemployment is to keep money supply for this year within the 4- to 6-percent band, and to instruct Congress and the public on the proper tax and expenditure methods of fighting unemployment.

In short, the Fed should cease warping a sound monetary policy in order to compensate for what it considers to be the frailties and shortcomings of the rest of the government. Far better, let the Fed pursue a sensible monetary policy, and provide a profile in courage by telling the rest of the Government and the public the measures that are needed to get on the track of maximum employment, maximum productivity, and maximum purchasing power.

ANALYSIS OF THE COMPREHENSIVE VIETNAM ERA EDUCATION BENEFIT ACT

HON. LESTER L. WOLFF

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 4, 1974

Mr. WOLFF. Mr. Speaker, in February, I, along with four of my colleagues on the House Veterans' Affairs Committee, introduced the Comprehensive Vietnam Era Education Benefits Act. An identical bill has also been introduced in the Senate with broad, bipartisan support. This legislation includes provisions that will truly equalize educational opportunities for all Vietnam vets and so upgrade the present GI bill that it will more closely resemble its World War II predecessor. The Vietnam Veterans Center, here in Washington, has prepared a comprehensive analysis of this legislation and the need for it in light of the inadequacies of the present GI program. I would like to share with my colleagues a portion of this analysis, which I feel captures the true concern of today's veteran. A selection from the Vietnam Veterans Center analysis follows:

ANALYSIS OF THE COMPREHENSIVE VIETNAM VETERANS BENEFITS ACT

The Comprehensive Bill recognizes that the present system of administering veterans educational and readjustment benefits is not meeting the specific intent and objectives of Congress and is denying readjustment assistance to thousands of Vietnam era veterans. The Comprehensive Bill amends the current GI Bill to provide specific solutions to inadequacies and shortcomings of the present system and improve the effectiveness of existing programs and opportunities for Vietnam era veterans.

It will accord all veterans presently in training programs the same subsistence increases and similar improvements to House Act. H.R. 12628, to include a 13.6% increase in the subsistence allowance and an extension of the time period in which a veteran must use his benefits from 8 to 10 years.

No Vietnam era veteran will receive less benefits than he is currently entitled to. All veterans will have greater flexibility to use their education and training benefits.

The Comprehensive Bill, in its present form, does not contain many technical and perfecting provisions that are generally supported and should be incorporated into final legislation. However, it does contain other provisions which appear similar to those approved in H.R. 12628, but are not. These provisions are the expansion of the Work Study Program and the Veterans Communication Center. (These provisions will be clarified in section by section analysis.)

Analysis of Specific Provisions of the Comprehensive Vietnam Veterans Benefits Act

A. 13.6 PERCENT INCREASE IN THE SUBSISTENCE ALLOWANCE PAID TO VETERANS IN VOCATIONAL REHABILITATION AND EDUCATION PROGRAMS

Explanation of provision

Increases the educational assistance allowance under all veterans vocational rehabilitation and education programs by 13.6%.

Justification of provision

This provision is identical to an increase enacted by the House of Representatives. It increases the monthly subsistence allowance paid to veterans in educational programs to a level that compensates for inflation and the inordinate rise in basic "living expenses" since the enactment of the current benefit levels in Oct. 1972.

Safeguards against abuse

This provision would be no more subject to abuse than the present system, therefore, no additional or special safeguards would be necessary.

Cost

The estimated cost of the 13.6% increase in educational allowance for fiscal year 1975, applied to veterans currently using their education and training benefits, is $374.1 million. (OMB) Total cost projections for fiscal 1975–79 are $1,415 billion. (OMB)

Since the purpose of the Comprehensive Bill is to enable many veterans to effectively use their readjustment benefits for the first time, it is possible that cost figures could exceed OMB estimates.

B. EXTENSION OF THE 36-MONTH ENTITLEMENT PERIOD

Explanation of provision

This provision would enable the VA to extend a veteran's benefit up to an additional 9 months in special circumstances.

Due to circumstances beyond their control, many veterans are unable to complete their programs of instruction within the time frame they are entitled to receive benefits. Such circumstances include: credits lost in transfer from one institution to another, change of a major or program of instruction, lack of sufficient preparatory background or training to complete a program of instruction. Under these or similar circumstances, the VA would have the authority to extend a veteran's benefits to enable him to complete his education or training.

Justification of provision

The conditional extension of entitlement would provide needy and deserving Vietnam veterans with special circumstances a maximum of 45 months entitlement to complete their education. All World War II veterans were accorded a full 48 months of GI benefits to complete their training.

This provision is not intended to be a blanket extension of entitlement. Its intent is similar to the "free entitlement" accorded Vietnam era veterans who need assistance *to begin* education and training programs. The conditional extension of entitlement would benefit veterans who need assistance *to complete* education and training programs.

Safeguards against abuse

Safeguards and administrative procedures similar to those used to administer the "free

entitlement" and "prep" programs would be required to administer the conditional entitlement extension. Since similar programs are now in effect, the VA should have the expertise to administer the program and prevent abuses.

Cost

The cost of the conditional entitlement extension is difficult to estimate, since the VA has no data on the effectiveness of the current program or the number and nature of problems veterans encounter in completing their education and training.

C. EXTENSION OF THE DELIMITING PERIOD FROM 8 TO 10 YEARS

Explanation of provision

This provision would extend the period in which a veteran must use his benefits from 8 to 10 years. Veterans who were discharged after January 31, 1955 and before June 1, 1966 whose eligibility for training is scheduled to expire on June 1, 1974 will have until June 1, 1976 to complete training.

Justification of provision

This provision is identical to one passed in H.R. 12628. It would enable veterans discharged in the years 1965–66 who were unable to begin education and training until 1970 when benefits were raised (above $130) to complete their training before their eligibility expires. It provides the same relief to "Cold War Veterans" who would otherwise lose their entitlement on June 1, 1974.

Safeguards against abuse

This provision would not be subject to abuse.

Cost

$166 million, Fiscal 1975; $513 million, Fiscal 1975–79. (OMB estimates)

D. ACCELERATION OF ENTITLEMENT

Explanation of provision

The Acceleration of Entitlement Provision is the most important provision of the Comprehensive Veterans Education legislation. It would enable a veteran in a full time program of instruction to receive a greater monthly subsistence allowance (reducing his total entitlement a proportional rate) provided acceleration would lead to completion of an education or training program. Acceleration is the only means whereby millions of Vietnam veterans can use their existing entitled benefits to receive vitally needed readjustment assistance for education and training.

Acceleration would open up educational opportunities to veterans who have been denied assistance and opportunities under the present GI Bill system. Under acceleration, a two year technical or vocational education could be possible for every veteran. Veterans with previous college experience could complete their educations at private institutions or attend graduate programs.

Acceleration, combined with the tuition equalizer provision would enable veterans with dependents to attend education and training programs for three school years (24 months) at almost any public school in America.

Acceleration, combined with the tuition equalizer provision would enable single veterans and veterans with one dependent to receive two school years (18 months) of education and training at almost every private institute of higher learning, vocational, technical or professional institution in America. (See special supplement on acceleration/ Appendix E).

Justification of provision

Acceleration is the only provision that will enable the Educational Assistance Program to fulfill the intent of Congress and provide assistance to millions of veterans without massive supplemental cost to the GI Bill. Acceleration recognizes that readjustment assistance and education and training must not be restricted to a four year period and that two year programs of instruction can go a long way to restoring lost educational and career opportunities for Vietnam era veterans.

The World War II GI Bill had an acceleration provision that enabled veterans to use their "educational payment" at an accelerated rate to cover yearly educational expenses in excess of the alloted $500.

Safeguards against abuse

The acceleration provision requires that a veteran must be enrolled in a program that will lead to a recognized and predetermined vocational, educational, or technical objective in order to receive his monthly payment at an accelerated rate. The acceleration provision is the only provision of the Veterans Educational Assistance Act that makes the ability to complete a program of instruction a prerequisite for receipt of benefits. The Veterans Administration has substantial latitude to determine regulations for administering the provision. It is possible that an income ceiling could be applied, as was used in the World War II GI Bill.

Cost

With the exception of the cost of veterans using benefits for the first time, this provision would add no new cost to the benefits that all eligible Vietnam era veterans are currently entitled to. Current cost by veterans using their benefits is estimated by OMB to be $600 million for fiscal 1975.

E. TUITION EQUALIZER PROGRAM

Explanation of provision

The Tuition Equalizer Provision pays the cost of tuition over $400 up to $1,000 (a total of $600) per school year. The purpose of the tuition equalizer provision is to provide veterans in states with high cost public education an equal opportunity to enter school by subsidized tuition costs to a level equal to the average tuition paid by veterans in public institutions, presently $424.

Justification of provision

"Current benefits levels, requiring as they do the payment of tuition, fees, books, and supplies, and living expenses provide the basis for 'unequal treatment of equals'. To restore equity between veterans residing in different states with differing systems of public education, some form of variable payments to ameliorate the differences in institutional costs would be required." (Finding, Educational Testing Service Report, September 1973.)

The tuition equalizer provision is the form of variable payment that will restore equity between veterans residing in states with different systems of public education.

Safeguards against abuse

The tuition equalizer provision is not a return to the World War II system of VA payment to schools for total "educational expenses" and therefore precludes many of the abuses inherent in the World War II system. The tuition equalizer provision specifically prohibits veterans from being charged tuition rates exceeding those paid by nonveterans, and prohibits payment of educational expenses other than tuition, i.e. "fees, books, supplies and other expenses."

Cost

Cost of the tuition equalizer provision is estimated by OMB to be $250 million for the fiscal year 1975.

F. EXPANSION OF THE WORK STUDY PROGRAM

Explanation of provision

The Work Study program is currently operating on a budget of $4 million per fiscal year, limiting payments to veterans at $250 per school year. This provision lifts these severe restrictions to provide a comprehensive and effective Work Study program.

Justification of the provision

The present work study program is so restricted that it cannot adequately augment a veteran's subsistence allowance, and cannot fulfill such critically needed functions as Outreach and the VA's new VETREACH Program, veterans counseling, preparation and processing of administrative work, veterans hospital and health care work, etc.

Safeguards against abuse

Work Study programs would be determined by the Veterans Administration and the funds must be appropriated by Congress. Experience gained from other Work Study programs should provide effective guidelines against abuse.

Cost

To be determined by Congress and the Veterans Administration. ($30–$50 million/estimate)

G. VIETNAM ERA VETERANS COMMUNICATIONS CENTER AND VIETNAM ERA VETERANS ADVISORY COMMITTEE

Explanation of provision

This provision establishes a Vietnam Era Communications Center and a Veterans Advisory Committee. The purpose of the center would be to insure that the Vietnam era veterans' experience and perspective would be instrumental in the planning, coordination, implementation and administration of all government programs affecting Vietnam era veterans. The Advisory Committee would assist the Communications Center in a high level national effort to utilize the $6 billion a year the Defense Department spends on training its servicemen by civilian recognition, certification, utilization, or accreditation of military training, skills and experience.

Justification of provision

"The limited effect of other federal agencies to provide education and training to veterans has been due in part to lack of overall direction, leadership and coordination." (Report of the Educational Testing Service September, 1973.)

"It is recommended that government and private licensing and certification agencies, labor unions in the apprenticeable trades, and the academic community establish procedures whereby appropriate credits can be established for specific military job skills." (National Jobs for Veterans Report of the President, March 1974.)

Safeguards against abuse

The only abuse inherent in this provision would be ineffective and uninspired implementation.

Cost

The Communications Center and Advisory Committee would be funded through existing agency funds.

THE ITALY-YUGOSLAVIA DISPUTE

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 4, 1974

Mr. ASHBROOK. Mr. Speaker, a New York Times editorial of March 31 describes the present conflict between Italy and Yugoslavia as a "senseless quarrel." The editorial notes that these two countries have coexisted for 20 years, but it fails to ask a basic question as to the true wishes of the Slovenes and the Croatians who are involved in the present impasse. In other words, shouldn't the Slovenes and Croatians be granted the right to

vote, the right to self-determination, in this and other matters as is presently done in Italy?

Another aspect of the controversy concerns U.S. interests in this area. As many American naval strategists over the years have considered it of importance to the 6th Fleet that the Soviet Navy does not obtain bases on the Adriatic which would be land-connected with the Soviet Union through Hungary, any remedial measures which would frustrate the establishment of an overland route to the Adriatic by the Soviets should be considered.

I am writing to Secretary of State Kissinger for information as to what steps are being taken in this area.

The New York Times editorial follows:

[From the New York Times, Mar. 31, 1974]

SENSELESS QUARREL

For twenty years the flourishing relations between Yugoslavia and Italy have served as dramatic proof that even the most intractable and explosive of international problems can be resolved with patience and goodwill. Now, in fits of petulance that defy rational explanation, Belgrade and Rome are restoking the territorial quarrel that once threatened to ignite great-power conflict but that they settled, in fact if not in law, in 1954.

The Memorandum of Understanding, signed in London that year with American and British participation, assigned the port city of Trieste and some land around it to Italy while allocating the rest of the disputed territory, known as Zone B, to Yugoslavia. Rome and Belgrade knew this division was final but, since neither wished to surrender legal claims publicly, the understanding did not fix formal boundaries.

Few international accords have worked so well. The once-disputed frontier became one of the world's most open borders. Two-way trade flourished, thousands of Yugoslavs crossed daily to work in Italy without visas, Italian tourists flocked to Yugoslavia's Dalmation coast. Italy reincorporated Trieste while maintaining it as a free port; Yugoslavia attached part of Zone B to its Slovenian Republic, the rest to Croatia.

Last month, however, Yugoslavia set up new signs at some border points, proclaiming: "Socialist Federal Republic of Yugoslavia—Socialist Republic of Slovenia." A Trieste newspaper protested that this was claiming sovereignty over still-disputed land. The Rome Government then felt compelled to remind Belgrade in a note that the 1954 memorandum had not resolved questions of sovereignty or permanent borders. The quarrel has since escalated with Yugoslavia even moving tanks to the border area for the benefit of television cameras.

The refiring of this dangerous dispute is far too great a price to pay for an artificial reinforcement of unity among Yugoslavia's diverse republics or a temporary bolstering of Italy's shaky center-left Government with dubious support from fascists and monarchists. It is high time for cooler heads in both capitals to defuse the most senseless international quarrel in 1974.

A BRIEF SURVEY OF PRICE AND WAGE CONTROLS

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 4, 1974

Mr. DERWINSKI. Mr. Speaker, a member of my staff, Mr. Robert Schuettinger, who taught political science at several universities before coming to Washington, has recently published a study of the historical effects of price and wage controls which I would like to commend to the attention of my colleagues. The study is entitled "A Brief Survey of Price and Wage Controls From 2800 B.C. to A.D. 1952," Heritage Foundation, 415 Second Street NE., Washington, D.C.

I should like to submit for the RECORD the conclusion of this timely essay:

CONCLUSION

The record of government attempts to control wages and prices is clear. Such efforts have been made in one form or another periodically in almost all times and all places since the very beginning of organized society. In all times and in all places they have just as invariably failed to achieve their announced purposes. Time after time an historian has laconically concluded ". . . the plan to control rising prices failed utterly." Or ". . . the laws were soon repealed since no one paid any attention to them."

Very often they *have* had side effects. Many rulers have been forced to resign, abdicate or commit suicide because of their unexpected consequences. Many governments have fallen. Inflation has often jumped 100 or 500 times after they were introduced. Unemployment and bankruptcies have followed in their wake. Totalitarian regimes when led by men ruthless enough have been temporarily strengthened through controls over people's livelihoods.

In Egypt, government controls over the grain crop led gradually to ownership of all the land by the state. In Babylon, in China, in Greece and Rome various kinds of regulations over the economy were tried and usually either failed completely or produced harmful effects. One of the most well-known cases of wage and price controls in the ancient world occurred in the time of the Emperor Diocletian. Thousands of people throughout the Empire were put to death before these futile laws were finally repealed.

In the Middle Ages, the city of Antwerp fell to the Spanish largely because no one would risk bringing food to the besieged city if he could not obtain the market price once he had passed by the Spanish guns.

In the American colonies, frequent attempts were made to keep down the price of beaverskins and suchlike commodities. All failed. Indians as well as the European colonists insisted on market prices for their goods and labor.

During the American War of Independence, Washington's army nearly starved at Valley Forge largely due to what John Adams called "That improvident Act for limiting prices [which] has done great injury, and [which] in my sincere opinion, if not repealed will ruin the state and introduce a civil war." [1] As one economic historian explained, "The regulation of prices by law had precisely the opposite effect to that intended; for prices were increased rather than diminished by the adoption of the measure." [2] The same historian concluded that "Tried by facts, the measure was a total failure in achieving the end proposed by its authors and ultimately had not a defender." [3]

With the coming of the Revolution in France, successive governments still failed to learn from experience. A series of so-called "Maximum Price" laws were passed and all proved ineffectual. We are told that in Paris of 1794 one observer reported that "one hundred and fifty women had crowded up to a butcher's door at four o'clock in the morning. They screamed out that it was better to pay twenty or thirty sous and have what they wanted than to pay fourteen, the maximum price, and get nothing." [4]

Footnotes at end of article.

With the advent of the nineteenth century the western world was blessed by a happy period of relative peace and prosperity. For 100 years no major wars were fought by the European Powers and the principles of free trade reached their ascendancy. Shortly after Victoria came to the British throne the famous Corn Laws (which for generations kept the price of bread higher than market levels) were repealed. As we have seen, the British authorities in India managed to avert a disastrous famine in 1866 by allowing the prices of food to fluctuate with the market thus insuring a speedy and equitable distribution of rice and grain where they were needed most.

With the breakdown of the structure of peace in 1914, however, both the Allies and the Central Powers insisted on returning to the drawing board with entirely predictable results. Even in the Organized State *par excellence* (the Kaiser's Germany) economists pronounced price and wage controls to be ineffective. No other nation, democracy or dictatorship, monarchy or republic, managed to make them work.

During the Second World War and shortly thereafter price and wage controls once again were resorted to by the major nations. Although a supreme patriotic effort in several nations (including the United States) slowed the official rise in wages and prices a bit, it is probable that the real prices and wages were little affected. Besides a thriving black market, reduction in quality of goods and increased "perquisites" for jobs (fringe benefits, overtime, etc.) all contributed toward a double system, the "official" controlled prices and wages and the "unofficial" real prices and wages.

Even the defenders of wage and price controls recognize that they result in distortions in the use of economic resources, add heavy extra costs and at least may still fail to reduce inflation.

Most economists would agree that controls of this sort produce uncertainty and hesitation. Many businessmen hold back and fail to expand into new areas and add new employees because they are not sure what will be the latest government regulation. Controls also cost millions of man-hours in both government and industry; the great expense of administering countless regulations (if we assume their effect is negligible or negative) must be recorded as colossal waste. As profits approach legal ceilings, businessmen have less reason to keep down costs; this also leads to waste of valuable resources. Insofar as wage controls actually hold down salaries, employees are not stimulated to do their work or to seek a better job and employers are restrained from securing as many and as highly skilled workers as they could productively use.

Although many economists would concede that government controls are able to restrain prices for very short periods of time (by so-called "freezes") the end result is that pent-up inflation bursts at the first opportunity, giving rise to even higher prices in the long run. This effect has been recognized at least since the very beginning of our Republic; John Adams wrote to his wife in 1777 that "I expect only a partial and temporary relief from [rising prices by means of controls] and I fear that after a time the evils will break out with greater violence. The matter will flow with greater rapidity for having been dammed up for a time." [5]

In addition to the many economic difficulties which cannot be dismissed with such quips as Lord Keynes' dictum that "in the long run we are all dead", there remains an underlying moral problem. The government of the United States was scarcely a year old when a writer in *The Connecticut Courant* asserted that "the scheme of supporting the money and regulating the price of things by penal statutes . . . always has and ever will be impracticable in a free country, because

no law can be framed to limit a man in the purchase or disposal of property, but what must infringe those principles of liberty for which we are gloriously fighting." [6]

If an historian were to sum up what we have learned from the long history of wage and price controls in this country and in many others around the world, he would have to conclude that the only thing we learn from history is that we do not learn from history.

As America's first economist, Pelatiah Webster, observed when describing the effects of the unhappy experiment with economic controls during our War of Independence, "It seemed to be a kind of obstinate delirium, totally deaf to every argument drawn from justice and right, from its natural tendency and mischief, from common sense and even from common safety [7] . . . It is not more absurd to attempt to impel faith into the heart of an unbeliever by fire and fagot, or to whip love into your mistress with a cowskin, than to force value or credit into your money by penal laws." [8]

FOOTNOTES

[1] Bolles, Albert, *The Financial History of the United States*, New York, 1896, vol. 1, pp. 165–66.
[2] *Ibid*, p. 166.
[3] *Ibid.*, p. 173.
[4] Bourne, Henry, "Food Control and Price-Fixing in Revolutionary France," *The Journal of Political Economy*, March 1919, p. 208.
[5] Bolles, *op. cit.*, p. 159.
[6] *The Connecticut Courant*, May 12, 1777.
[7] Webster, Pelatiah, *Political Essays*, Philadelphia, 1791, p. 129.
[8] *Ibid.*, p. 132.

SENATE—*Monday, April 8, 1974*

The Senate met at 12 o'clock noon and was called to order by Hon. SAM NUNN, a Senator from the State of Georgia.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

O God, our Father, may this Holy Week teach us anew the power of redemptive love and the way of the cross. May all who follow the Redeemer observe these days of sacred memory in the spirit of heart-searching and holiness, of humility and penitence, of love and adoration and gratitude. Give us grace to yield our lives to the way of self-giving and sacrifice. May we ever be true to ourselves and true to Thee even though it leads to a cross of rejection and pain. While we work may we worship and ever love Thee with our whole heart and mind and soul and strength.

Through Him who died for the sins of the world. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. EASTLAND).

The assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., April 8, 1974.

To the Senate:

Being temporarily absent from the Senate on official duties, I appoint Hon. SAM NUNN, a Senator from the State of Georgia, to perform the duties of the Chair during my absence.

JAMES O. EASTLAND,
President pro tempore.

Mr. NUNN thereupon took the chair as Acting President pro tempore.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Friday, April 5, 1974, be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

WAIVER OF THE CALL OF THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the call of the legislative calendar, under rule VIII, be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all committees may be authorized to meet during the session of the Senate today.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

CONSIDERATION OF MEASURES ON THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendars Nos. 742 and 743.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

AMENDMENT OF CERTAIN LAWS AFFECTING THE COAST GUARD

The Senate proceeded to consider the bill (H.R. 9293) to amend certain laws affecting the Coast Guard, which had been reported from the Committee on Commerce with amendments on page 4, after line 12, strike out:

(10) Section 657 is amended—

(A) by deleting from the catchline the semicolon and the words following "children";

(B) by designating the existing section as subsection (b); and

(C) by inserting a new subsection (a) as follows:

"(a) Except as otherwise authorized by the Act of September 30, 1950 (20 U.S.C. 236–244), the Secretary may provide, out of funds appropriated to or for the use of the Coast Guard, for the primary and secondary schooling of dependents of Coast Guard personnel stationed outside the continental United States at costs for any given area not in excess of those of the Department of Defense for the same area, when it is determined by the Secretary that the schools, if any, available in the locality are unable to provide adequately for the education of those dependents.".

On page 5, at the beginning of line 5, strike out "(11)" and insert in lieu thereof "(10)".

On page 5, at the beginning of line 16, strike out "(12)" and insert in lieu thereof "(11)".

On page 5, beginning with line 18, strike out:

(B) by amending item (section) 657 to read: "657. Dependent school children.".

On page 5, at the beginning of line 19, strike out "(C)" and insert in lieu thereof "(B)".

On page 6, at the beginning of line 1, strike out "(13)" and insert in lieu thereof "(12)".

On page 6, at the beginning of line 4, strike out "(14)" and insert in lieu thereof "(13)".

On page 6, at the beginning of line 13, strike out "(15)" and insert in lieu thereof "(14)".

On page 6, at the beginning of line 19, strike out "(16)" and insert in lieu thereof "(15)".

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

THE 1980 WINTER OLYMPIC GAMES AT LAKE PLACID, N.Y.

The concurrent resolution (S. Con. Res. 72) extending an invitation to the International Olympic Committee to hold the 1980 Olympic games at Lake Placid, N.Y., in the United States, and pledging the cooperation of support of the Congress of the United States, was considered and agreed to.

The preamble was agreed to.

The concurrent resolution, with its preamble, reads as follows:

S. CON. RES. 72

Whereas the International Olympic Committee will meet in October 1974, at Vienna, Austria, to consider the selection of a site for the 1980 winter Olympic games, and

Whereas Lake Placid in the town of North Elba, County of Essex, and State of New York, has been designated by the United States Olympic Committee as the United States site for the 1980 winter Olympic games, and

Whereas the residents of Lake Placid and the town of North Elba in Essex County, New York, have long been recognized throughout the world for their expertise in organizing, sponsoring, and promoting, major national and international winter sports competitions in all of the events which are a part of the winter Olympic games, and